

CITY OF GARLAND, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2000

CITY COUNCIL

Jim Spence, Mayor
Michael Holden, District 1
Jim Dunn, District 2
Bob Schwarz, District 3
Ruben Avelar, District 4
Jackie Feagin, District 5
Sharon Stotts, District 6
Lowell Hyatt, District 7
Johnny Beach, District 8

CITY MANAGER

Jeffrey B. Muzzy

MANAGING DIRECTOR OF FINANCIAL SERVICES

George Kauffman

Prepared by

Department of Finance
Accounting Office

CITY OF GARLAND, TEXAS
Comprehensive Annual Financial Report
Year Ended September 30, 2000

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January 12, 2001

To the citizens of the City of Garland, Texas:

The Comprehensive Annual Financial Report of the City of Garland, Texas (City), for the fiscal year ended September 30, 2000, is hereby submitted. The report is published to provide detailed information concerning the financial condition of the City to our citizens and the financial community, as well as other interested parties. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation including all disclosures, rests with the City. To the best of our knowledge and belief, the financial statements, supporting schedules and statistical tables contained in this report present fairly, in all material respects, the financial position and the results of operations of the City for the fiscal year ended September 30, 2000. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter and the City's organizational chart. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the schedule of federal and state financial awards, findings and recommendations, and independent auditors' reports on the internal controls and compliance with applicable laws and regulations, will be issued in a separate report.

This report includes all funds and account groups of the City (the primary government), as well as its three component units: the Garland Housing Finance Corporation (GHFC), the Garland Economic Development Authority, Inc. (GEDA), and the Garland Health Facilities Development Corporation (GHFDC). Each of these component units is chartered as a nonprofit corporation under IRC 501 c (3), and is a legally separate entity for which the City is financially accountable. The primary reason that these three nonprofit corporations (GHFC, GEDA, & GHFDC) are included in this report is because the members of each board are appointed by the City Council. The Garland Independent School District (GISD) is excluded from this report because it is a separate governmental entity with a separately elected board of trustees.

The City provides a full range of services. These services include police and fire protection; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, enterprise fund activities provide electric, water and wastewater utility services. Golf course facilities, storm water facilities and sanitation collection services are also provided under enterprise fund operations.

ECONOMIC CONDITIONS AND TRENDS

The City is strategically located in Dallas County approximately 15 miles northeast of downtown Dallas. The City's population of 205,869 (as estimated by the City's Planning Department as of January 1, 2000) makes it the tenth largest city in the state of Texas and places it among the top 100 largest municipalities in the United States. The Texas Workforce Commission estimates that the community had an unemployment rate of 2.6%, as compared to a statewide rate of 3.9% at September 30, 2000.

Since Garland was founded in 1891, it has evolved from a rural community with an economy based on agriculture to an industrial based community providing a home for more than 5,000 businesses. The most dramatic economic growth occurred during World War II, when industry came to town to supply the military with aviation parts and

equipment. During the 1950s, Desoto Paint, Sherwin Williams, and Intercontinental Manufacturing came to Garland. The City's industrial base expanded during the 60's and 70's with the addition of defense oriented high tech firms. The City's industrial base of electronics-related manufacturing, metal fabrication, paints and chemicals, and food processing provides a diverse and stable environment for businesses to operate. Garland has continued to attract new industry because of its location and access to major highways and rail systems.

Economic development during 2000 was bolstered by the Garland Economic Development Partnership (GEDP). Now in its sixth year, this entity provides a vehicle for the combined efforts of the City, the Chamber of Commerce, and the Garland Independent School District as they pursue a united strategy to build the community's commercial tax base by actively promoting a business-friendly environment to enterprises seeking to relocate or expand their operations.

The economic forecast for 2001 continues to be bright: Development in the State Highway 190 corridor continues as the tollway nears completion. Projects including construction of office and manufacturing space for Sanmina Corporation, as well as construction of a regional mall, an Outback Steakhouse, and an AMC Movie Theater are scheduled to begin in the 190 corridor. In addition, the City will begin construction of the Northeast Parkway extension around the mall site.

The value of the City's 2000 assessed property increased by \$532 million, or 7.1% over the 1999 value. This is the sixth consecutive year that property values have increased. Of the increase, \$182 million was for new property and \$350 million was for existing property. The largest increase in the 2000 property tax base occurred in commercial real property, which increased 11.1%. In addition, Business personal property increased 4.2% and residential property increased 6.5%. Property taxes and sales taxes combined constitute half of the revenue for the general fund, and the outlook for 2001 remains optimistic.

MAJOR INITIATIVES

For the current year: With the adoption of the 2000 operating and capital improvement budgets, the City Council continued the direction of its legislative agenda to enhance public and community safety, provide quality infrastructure and facilities, provide effective and efficient community service, and provide an environment for business expansion.

Public and Community Safety. The average Fire Department response time was reduced to four minutes and forty-four seconds. This slight response time reduction in addition to the low fire losses experienced in the City makes Garland one of the safest cities in the Dallas/Fort Worth Metroplex to live. As a result of the City's quick response time and low fire loss the Insurance Service Office (ISO) lowered the City's fire loss rating. The ISO ratings are used by the insurance industry to determine fire insurance premiums. In addition, the Fire Department purchased a new fire engine, a new ladder truck, and new pulse oximeter machines for each ambulance.

The City's crime rate has decreased 24.4% since 1995. Steps taken during the year by the Police Department to decrease the crime rate include implementing a Residential Burglary Reduction Program; an Internet Crimes Unit; a DWI Task Force assigned to the late night shift and early morning hours on Friday and Saturday nights; and a Red Light Campaign that is intended to address traffic violations at red lights, stop signs, and turning signals. Also, a new Computer Aided Dispatch system was installed along with a new Police Records Management system that includes electronic transmission of arrest reports and fingerprints to the State.

Quality Infrastructure and Facilities. Paving activity continued with \$9.8 million transferred from the General, Water, Sewer, Sanitation, and Equipment Replacement Funds to the Infrastructure Repair Fund. During the fiscal year, repair efforts resulted in 9.5 miles of concrete streets, 3 miles of asphalt streets and 2,900 feet of concrete alleys being returned to excellent condition through the efforts of the Streets Department. Construction on O'Banion Road from LaPrada to Oates and, Campbell Road from State Highway 190 to Holford were completed. In addition, construction commenced on Miller Road from First to Centerville, Buckingham Road from First to State Highway 78 and Brand Road Bridge at Rowlett Creek

The City's electric utility began construction for an 85-Megawatt combustion turbine that will be used to meet future peak demand requirements. The \$5 million underground cable replacement program continued throughout the City as well as other programs aimed at upgrading the electric transmission and distribution systems in older areas of town. These electric system improvements will enable the electric utility to meet growing load demands in the future as well as improving system reliability.

The Water Department completed the Wildwood Circle, Cascade Drive, Random Circle, Country Club Parkway, Merrimac Drive, and Mayflower Drive water line replacement projects during the year. Also, the Commerce Street Relief Sewer Line, Firewheel Golf Park Expansion Sewer Line and Phases III and IV of the Jupiter / Shiloh Relief Sewer Lines projects were completed during the year. These projects are part of an infrastructure replacement plan that will provide needed sanitary sewer collection capacity to the year 2040.

Effective and Efficient Community Service. The City's Citizen Outreach programs include, bi-monthly publication of the *Garland City Press*, and television broadcast of all City Council meetings, City Council work sessions, Planning Commission meetings and Utility Advisory Board meetings on local cable access channel COG-16. The City also has a website presence on the Internet accessible at <http://www.ci.garland.tx.us>.

The Community Action Response Team program was very instrumental in the clean up of properties within the city. Various City Departments joined together to aid the community in correcting neighborhood nuisances. A Complaint Tracking System was developed by MIS to identify neighborhood nuisances and document the actions taken to resolve those nuisances.

Fleet Services implemented initiatives to improve equipment standards. Focusing on standardizing equipment specifications and increasing uniformity of the entire fleet has decreased replacement costs. The placement of sixteen new trucks in the Solid Waste and Recycling Department will significantly reduce costs previously associated with maintaining the old units.

The “Y2K” bug proved to be a non-event as the New Year rang in without incident due to the combined efforts put forth by all City Departments. The efforts of City staff prevented any disruptions of City Services.

In addition to meeting the basic service needs of the citizens, the Star Spangled 4th continued to provide quality family entertainment for the community. Performers for this year’s July 4th celebration included Chaka Khan, The Village People and Jerry Jeff Walker. Additionally, the City received recognition as the International Festival and Events Association presented its Bronze Grand Pinnacle Award for the best festival with an annual budget over \$500,000. This is the first year that the event was entered in the “over \$500,000” category. Competition in this category included the Kentucky Derby, Columbus Arts Festival, and the Wildflower Festival in Richardson. The Star Spangled 4th also received the prestigious Gala Award presented by Special Events Magazine.

Provide an Environment of Business Expansion. Tax abatements are available to new or expanding companies for new construction projects. To qualify for tax abatements construction projects are scored based on the number of new jobs created, local annual payroll created, property tax valuation added and electric consumption used. The tax abatements reduce real estate property taxes over a five-year horizon.

The City has evaluated land use and zoning standards and is in the process of evaluating development standards and economic development strategies for the S.H. 190, I-30, and I-635 corridors. In addition, several amendments to the Garland Comprehensive Plan were completed including the Downtown Master Plan, the South Area Plan regarding single family zoning, and a comprehensive revision of the North Area Plan.

For the future: During a July 2000 retreat, the City Council refined the City’s five year goals, broadly stated below:

City Council Goals

Promote a Strong Local Economy
Develop an Effective transportation System
Maintain Quality Neighborhoods and Neighborhood Revitalization
Deliver Quality Services to Citizens
Continue the Growth of a Vibrant Downtown

Steps taken by the City Council through adoption of the **2000-2001 Operating Budget** to achieve specific objectives inferred by these goals are:

- Restoration of the two-cent ad valorem tax rate decrease from the prior year.
- Increase in Solid Waste Residential Rates due to increasing landfill disposal costs.
- Addition of 50 full-time positions.
- Competitive employee compensation and addition of a twenty-year retirement option.
- Changes to the Health Insurance Plan to eliminate the deficit that developed over the past few years.
- Continued emphasis on street maintenance and repair through a \$7 million transfer to the Infrastructure Repair Fund.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control system designed to ensure that the City's assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and the valuation of costs and benefits requires estimates and judgments by management.

Single audit. As a recipient of Federal and State financial awards, the City is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management, the City's Internal Audit Department and independent auditors.

As a part of the City's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to Federal financial awards programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended September 30, 2000, indicated no instances of material weaknesses with internal controls. Information relating to the Single Audit is published in a separate report.

Budgetary Controls. The City maintains budgetary controls in addition to the internal control system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Project-length financial plans are adopted for the capital improvement funds. While the budget is developed and controlled at the departmental level, the level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated budget) is established at the fund level.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the liability is incurred. Proprietary operations are maintained on a full accrual basis. Fiduciary operations are accounted for in essentially the same manner as governmental operations.

The City continues to meet its responsibility for sound financial management. This fact is demonstrated by the financial statements and schedules included in the financial section of this report. The tables on the following pages contain data excerpted from those statements to provide a summary of activity in the general fund during the year.

General City Functions. The following schedule presents a summary of **general fund revenue** for the fiscal year ended September 30, 2000, and in relation to the prior year.

Revenues and Other Financing Sources	Amount 2000	Percent of Total 2000	Amount 1999	Percent of Total 1999	Increase (Decrease) From 1999	Percent of Increase (Decrease) From 1999
Taxes	\$ 46,238,520	51.02%	\$ 43,406,301	50.44%	\$ 2,832,219	6.52%
Franchise fees	6,248,115	6.90%	6,150,311	7.15%	97,804	1.59%
Service charges	11,207,515	12.37%	11,961,917	13.90%	(754,402)	-6.31%
Licenses and permits	1,510,857	1.67%	1,603,990	1.86%	(93,133)	-5.81%
Earnings on investments	1,321,639	1.46%	1,164,771	1.35%	156,868	13.47%
Intergovernmental	334,126	0.37%	327,382	0.38%	6,744	2.06%
Intragovernmental	19,174,705	21.16%	17,190,353	19.97%	1,984,352	11.54%
Fines and forfeits	4,036,751	4.45%	3,765,551	4.37%	271,200	7.20%
Rents and concessions	544,290	0.60%	500,003	0.58%	44,287	8.86%
Total revenues and other financing sources	<u>\$ 90,616,518</u>	<u>100.00%</u>	<u>\$ 86,070,579</u>	<u>100.00%</u>	<u>\$ 4,545,939</u>	<u>5.28%</u>

Significant **changes in General Fund revenues** between the 2000 and 1999 fiscal years are:

- ◆ Tax revenue increased as a result of continued growth in the city's ad valorem tax base.
- ◆ Earnings on investments increased as a result of the General Fund's higher investment balances in relationship with the other funds in the City's pooled investment account.
- ◆ Intragovernmental increased as a result of greater in-lieu of franchise taxes paid by the Electric, Water, and Sewer Funds. In-lieu of franchise fees are calculated on a percentage of Electric, Water and Sewer revenues.

The following schedule presents a summary of **general fund expenditures** (budget basis) and detail changes in spending between Fiscal Year 2000 and Fiscal Year 1999.

Expenditures and Other Financing Uses	Amount 2000	Percent of Total 2000	Amount 1999	Percent of Total 1999	Increase (Decrease) From 1999	Percent of Increase (Decrease) From 1999
General government	\$ 7,011,395	7.80%	\$ 6,779,219	7.80%	\$ 232,176	3.42%
Public safety	48,246,794	53.64%	46,142,166	53.09%	2,104,628	4.56%
Public works	5,848,079	6.50%	5,756,813	6.62%	91,266	1.59%
Culture and recreation	9,619,379	10.70%	9,264,169	10.66%	355,210	3.83%
Public health	2,076,463	2.31%	1,898,471	2.18%	177,992	9.38%
Nondepartmental	10,741,459	11.94%	9,594,409	11.04%	1,147,050	11.96%
Transfer out	6,395,335	7.11%	7,486,319	8.61%	(1,090,984)	-14.57%
Total expenditures and other financing uses	\$ 89,938,904	100.00%	\$ 86,921,566	100.00%	\$ 3,017,338	3.47%

General Fund expenditures increased between the 2000 and 1999 fiscal years as a result of:

- ♦ A pay increase for Police and Fire civil service personnel on 10/01/99.
- ♦ A pay increase for non-civil service employees on 04/01/00.
- ♦ Addition of 5 dispatch operators and 3 detention officers in the Police Department.
- ♦ Addition of 3 fire drivers and 1 fire inspector in the Fire Department.
- ♦ Additional engineering administrator, graduate engineer, field operations and relocation of field operations in the Engineering Department.
- ♦ Additional building inspector and a hand-held computer system for all building inspectors.

General Fund Balance. For the fiscal year, revenues of \$91,199,926 exceeded budget basis expenditures and transfers out of \$89,938,904, resulting in an excess of revenues and other sources over expenditures of \$1,261,022. It is the City's declared policy to maintain a minimum unreserved fund balance of 45 days of expenditures, and the General Fund unreserved fund balance at September 30, 2000, is equivalent to 59.7 days of expenditures.

Enterprise Operations. The City's enterprise operations are composed of eight separate and distinct activities: electric, water, sewer, golf course, heliport, storm water management, parks performance, and sanitation. Each of these eight activities is accounted for in separate funds. For the Electric, Water and Sewer Utility Funds, it is the City's policy to maintain a working capital balance at September 30, equivalent to 45 days of expenditures on a cash basis. The days of working capital is calculated by dividing the total working capital (current assets less accounts payable) for each fund by the average daily budget based operating expense. The days of working capital for the Electric, Water and Sewer Utility Funds at September 30, 2000, is equivalent to 184.8, 217.6 and 167.6 days respectively.

Firewheel Golf Park continues to attract large numbers of golfers. Construction of additional twenty-seven holes and a new clubhouse nears completion. During the year both Firewheel courses were selected for the Dallas Morning News' list of ten best municipal courses in the state.

Debt Administration. At September 30, 2000, the City had numerous debt issues outstanding. These issues include \$143,728,187 in general obligation bonds, \$21,394,999 in revenue bonds, and \$132,799,996 in certificates of obligation. The City has maintained its AA rating from Standard & Poor's Corporation, and Aa2 rating from Moody's Investors Service on general obligation bonds and certificates of obligation. In addition Fitch IBCA assigned a rating of AA+ for the City's general obligation bonds and certificates of obligation.

For the fiscal year, bond issues and applicable average effective interest rates are as follows:

<u>Issue</u>	<u>\$ Principal</u>	<u>Net Interest Cost</u>
General Obligation Bonds, Series 2000	10,820,000	5.740%
Certificates of Obligation, Series 2000	63,950,000	5.661%

Cash management. Cash temporarily idle during the year was invested in short-term money market instruments including demand deposits, certificates of deposit, U.S. Treasury obligations, U.S. Government agency obligations, reverse repurchase agreements, government investment pools and money market funds. In order to facilitate cash management, the operating cash of certain funds is pooled into a common account. The average yield for investments was 6.05%, and the earned investment income reported in the financial statements total \$17,785,636 for the year ended September 30, 2000.

The objectives of the City's investment policy are to minimize credit and market risks while maintaining liquidity and a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized with U.S. Treasury obligations. All collateral on deposits was held either by the City's agent or by a financial institution's trust department in the City's name. Investments in U.S. Government securities held by the City at September 30, 2000, are classified in the category of lowest risk, and amounts invested in governmental investment pools and money market funds are not categorized as specified by the Governmental Accounting Standards Board.

Risk management. The City is self-insured with respect to general liability, auto liability, workers' compensation, and long term disability. Separate funds are maintained to account for proceeds from other funds for the payment of claims and to provide a loss reserve for potential future claims. On a biennial basis, the City commissions an actuarial study to determine adequate levels of funding to provide reserves for future claims. **Actuarially determined reserves**, listed by coverage, at September 30 are:

Description	2000	1999	\$ Increase (Decrease)	% Increase (Decrease)
Self Insurance Fund:				
Auto Liability	\$ 357,980	505,678	(147,698)	-29.21%
General Liability	666,555	509,494	157,061	30.83%
Workers Comp	3,332,534	3,546,586	(214,052)	-6.04%
Total Self Insurance Fund	<u>4,357,069</u>	<u>4,561,758</u>	<u>(204,689)</u>	-4.49%
Long Term Disability Fund:				
LTD Incurred But Not Reported	357,962	300,000	57,962	19.32%
LTD Liability	<u>2,028,449</u>	<u>1,664,398</u>	<u>364,051</u>	21.87%
Total Long Term Disability Fund	<u>2,386,411</u>	<u>1,964,398</u>	<u>422,013</u>	21.48%
Total Actuarially Determined Reserves	<u>\$ 6,743,480</u>	<u>6,526,156</u>	<u>217,324</u>	3.33%

Group Health. Like other public and private employers across the nation, the City has encountered significant problems in providing affordable, quality health care for its employees. Health plan benefit utilization continues to increase while health care service costs outpace inflation and catastrophic claims demand significantly more of the available resources. However, changes in employee premium payments and increasing deductibles resulted in a net income of \$440,595. Management continues to review and change plan design to provide a financially sound and affordable health plan.

Fiduciary Operations. Funds from the Narcotic Seizure Fund were used to purchase equipment and conduct additional training as the Police Department continues to battle gangs and violence in the ongoing war on drugs.

OTHER INFORMATION

Independent audit. Article IV, Section 7 of the City Charter requires an annual audit be performed by independent, certified public accountants. The accounting firm of Deloitte & Touche LLP was selected in April 1999, by the City Council to perform annual audits. In addition to meeting the requirements set forth in the Charter, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The independent auditors' report on the general purpose financial statements and combining and individual fund and account group financial statements and schedules is included in the financial section of this report. The independent auditors' reports related specifically to the single audit will be issued in a separate document.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 1999. This was the twenty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of this Comprehensive Annual Financial Report was accomplished with the professional and dedicated efforts of the staff of the Accounting Office. Appreciation is also extended to those individuals in other departments who contributed, directly and indirectly, to the development of this report.

In closing, we also want to thank the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Sincerely,

Jeffrey B. Muzzy
City Manager

Marsha L. Meeks
Assistant City Manager

George Kauffman
Managing Director of Financial Services

Steve Anderson
Accounting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Garland,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1999

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



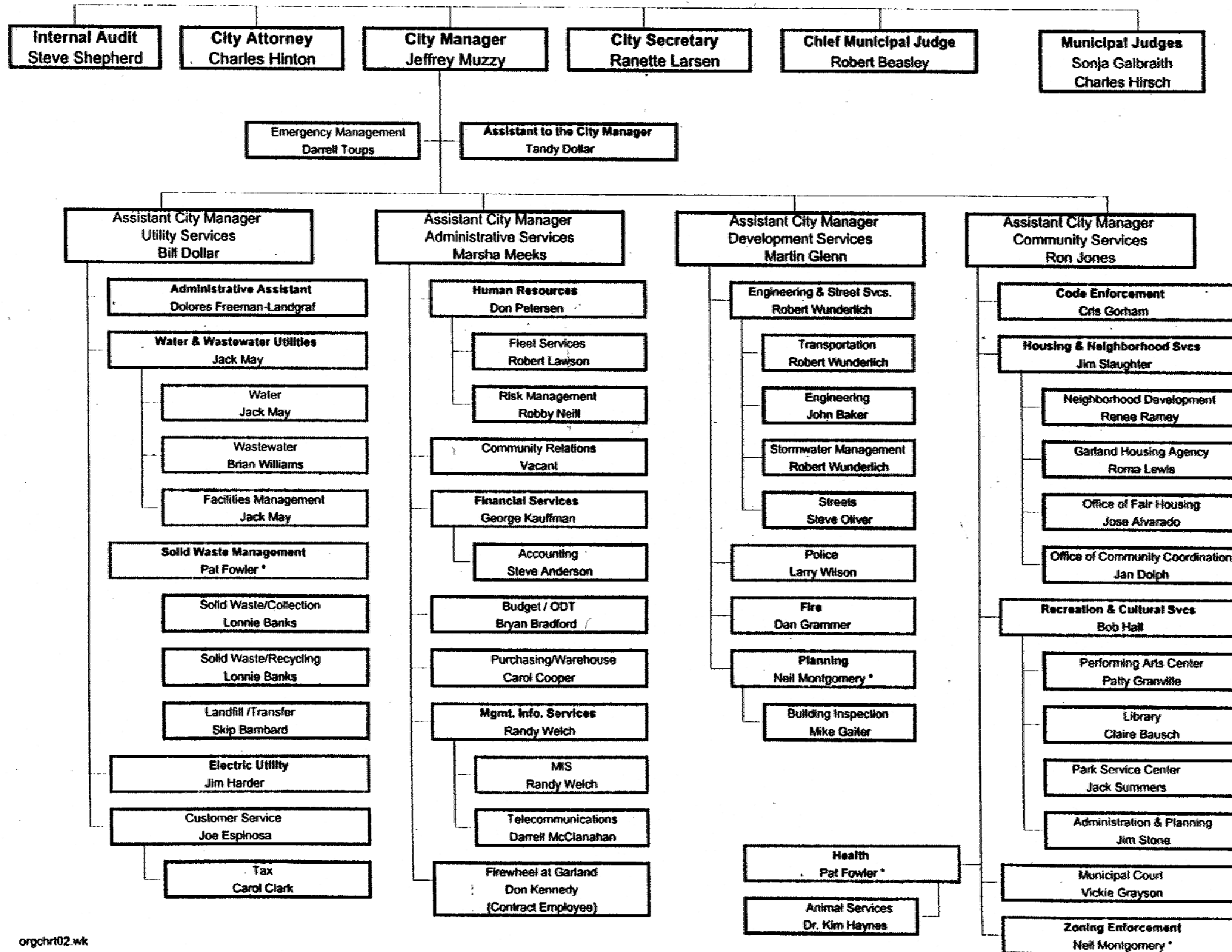
Anne Spray Kinney
President

Jeffrey L. Egan
Executive Director

CITIZENS OF GARLAND

CITY COUNCIL

September 30, 2000



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☐ Council Appointments ☐ Assistant City Managers ☐ Managing Directors ☐ Directors/Support Staff

* Managing Directors report to two Assistant City Managers for separate programs.

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor, Members of
the City Council and City Manager
City of Garland, Texas

We have audited the accompanying general purpose financial statements of the City of Garland (the "City"), as of September 30, 2000, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of September 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and its component units for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2012, January 12, 2012, January 12, 2012, January 12, 2012, and January 12, 2012, regarding the effectiveness of the entity's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the other reports issued by the auditor. This report is not intended to be used for any purpose other than the purpose for which it was issued and should not be used in connection with any other report in considering the results of our audit.

DeMatte + Touche LLP

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Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units
September 30, 2000

With comparative totals as of September 30, 1999

		Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Totals Primary		Component	Totals		
		General	Special	Debt	Capital	Fund Types		General	General	Government			Reporting Entity		
						Enterprise	Internal			(Memorandum Only)	(Memorandum Only)				
													Assets	Long-term	2000
Assets and other debits			Revenue	Service	Projects		Service	Trust		Debt		Units			
Assets:															
Cash and cash equivalents (note 18)	\$	2,299,386	1,994,548	697,296	8,004,400	9,161,249	2,601,095	662,177	-	-	25,420,151	54,750,831	2,976,960	28,397,111	58,129,696
Investments (note 18)		15,603,771	11,589,544	488,728	44,371,450	62,362,043	17,693,510	2,764,975	-	-	154,874,021	119,573,713	-	154,874,021	119,573,713
Receivables, net of allowances for uncollectible amounts:															
Accounts		5,552,806	-	-	-	46,130,271	-	-	-	-	51,683,077	37,989,571	72,810	51,755,887	38,091,822
Taxes (note 4)		403,590	-	267,529	-	-	-	-	-	-	671,119	612,118	-	671,119	612,118
Accrued interest		293,848	131,125	506	621,766	815,347	244,315	36,444	-	-	2,143,351	1,703,424	520	2,143,871	1,703,811
Assessments		-	354,833	-	-	-	-	-	-	-	354,833	361,895	-	354,833	361,895
Other		-	32,653	2,907	-	-	141,796	-	-	-	177,356	14,743	-	177,356	14,743
Due from other funds (note 9)		4,167	7,218	-	-	2,057,973	697,878	-	-	-	2,767,236	4,535,003	-	2,767,236	4,535,003
Due from other governments		-	1,167,202	-	4,416,271	-	-	-	-	-	5,583,473	703,782	-	5,583,473	703,782
Due from component unit (note 20)		-	67,075	-	-	-	-	-	-	-	67,075	97,987	-	67,075	97,987
Advance to other funds (note 9,14)		-	-	-	-	3,592,048	-	-	-	-	3,592,048	5,266,369	-	3,592,048	5,266,369
Inventories		-	-	-	-	3,099,382	3,650,299	-	-	-	6,749,681	7,498,220	-	6,749,681	7,498,220
Prepaid items		-	549,543	-	-	-	-	-	-	-	549,543	366,357	120,957	670,500	492,117
Restricted Assets:															
Cash and cash equivalents (note 18)		-	-	-	-	8,761,660	6,504	-	-	-	8,768,164	16,937,594	2,152,417	10,920,581	17,240,011
Investments (note 18)		-	-	-	-	94,400,858	44,317	-	-	-	94,445,175	52,932,405	-	94,445,175	52,932,405
Accrued interest receivable		-	-	-	-	1,315,919	567	-	-	-	1,316,486	756,616	-	1,316,486	756,616
Property, plant and equipment, net of accumulated depreciation (note 6)															
		-	-	-	-	384,985,441	14,352,327	-	514,073,623	-	913,411,391	871,514,422	10,140,171	923,551,562	882,041,032
Other debits:															
Amount available in debt service fund		-	-	-	-	-	-	-	-	1,205,296	1,205,296	2,787,011	-	1,205,296	2,787,011
Amount to be provided for the retirement of general long-term debt		-	-	-	-	-	-	-	-	161,480,748	161,480,748	155,799,525	-	161,480,748	155,799,525
Total assets and other debits	\$	24,157,568	15,893,741	1,456,966	57,413,887	616,682,191	39,432,608	3,463,596	514,073,623	162,686,044	1,435,260,224	1,334,201,586	15,463,835	1,450,724,059	1,348,637,876
Liabilities															
Current liabilities:															
Accounts payable	\$	5,958,861	1,066,873	-	2,631,972	13,172,690	2,084,409	6,547	-	-	24,921,352	18,160,686	363,375	25,284,727	18,442,651
Accrued interest payable:															
Certificates of obligation		-	-	-	-	1,791,953	11,368	-	-	-	1,803,321	545,818	-	1,803,321	545,818
General obligation		-	-	-	-	142,117	-	-	-	-	142,117	151,051	-	142,117	151,051
Certificates of obligation (note 14)		-	-	-	-	2,902,754	299,471	-	-	-	3,202,225	2,693,216	-	3,202,225	2,693,216
General obligation (note 14)		-	-	-	-	1,655,972	-	-	-	-	1,655,972	1,581,944	-	1,655,972	1,581,944

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)		Component Units	Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust	General Fixed Assets	General Long-term Debt	2000	1999		2000	1999
Liabilities Continued														
Customer deposits	\$ -	-	-	-	-	4,880,977	-	-	-	4,880,977	4,373,280	196,625	5,077,602	4,557,708
Due to other funds (note 9)	-	1,757,760	-	982,883	26,593	-	-	-	-	2,767,236	4,535,003	-	2,767,236	4,535,003
Due to primary government (note 20)	-	-	-	-	-	-	-	-	-	-	-	67,075	67,075	97,987
Compensated absences (note 14)	-	-	-	-	1,228,697	515,867	-	-	11,844,901	13,589,465	13,993,565	-	13,589,465	13,993,565
Payable from restricted assets:														
Accounts payable	-	-	-	-	3,033,902	-	-	-	-	3,033,902	2,259,400	-	3,033,902	2,259,400
Accrued interest payable - revenue bonds	-	-	-	-	107,164	-	-	-	-	107,164	144,246	-	107,164	144,246
Revenue bonds payable (note 14)	-	-	-	-	7,240,000	-	-	-	-	7,240,000	7,400,000	-	7,240,000	7,400,000
Deferred revenues	3,366,854	6,002,387	251,670	2,720,498	-	-	1,179,798	-	-	13,521,207	7,959,373	23,072	13,544,279	7,989,730
Due to other governments	-	11,218	-	430,098	244,055	9,909	-	-	-	695,280	13,516	-	695,280	13,516
Bonds payable: (note 14)														
General obligation	-	-	-	-	21,247,198	-	-	-	120,825,017	142,072,215	142,894,684	-	142,072,215	142,894,684
Revenue	-	-	-	-	14,154,999	-	-	-	-	14,154,999	21,394,999	-	14,154,999	21,394,999
Certificates of obligation	-	-	-	-	103,229,206	1,449,553	-	-	24,919,012	129,597,771	70,846,786	-	129,597,771	70,846,786
Unamortized bond issue cost	-	-	-	-	(1,374,276)	-	-	-	-	(1,374,276)	(1,531,296)	-	(1,374,276)	(1,531,296)
Advance from other funds (note 9, 14)	-	-	-	-	-	3,592,048	-	-	-	3,592,048	5,266,369	-	3,592,048	5,266,369
Retainage payable	-	-	-	409,304	460,343	-	-	-	-	869,647	16,711,627	-	869,647	16,711,627
Landfill closure cost (note 19)	-	1,194,303	-	-	-	-	-	-	5,097,114	6,291,417	5,507,284	-	6,291,417	5,507,284
Insurance claims payable (note 8)	-	-	-	-	-	8,638,844	-	-	-	8,638,844	8,242,011	-	8,638,844	8,242,011
Total liabilities	9,325,715	10,032,541	251,670	7,174,755	169,263,367	21,482,446	1,186,345	-	162,686,044	381,402,883	333,143,562	650,147	382,053,030	333,738,299
Equity and other credits														
Contributed capital: (note 7)														
Federal grants	-	-	-	-	28,228,315	-	-	-	-	28,228,315	28,228,315	-	28,228,315	28,228,315
Other	-	-	-	-	86,603,554	936,670	-	-	-	87,540,224	85,537,060	9,319,083	96,859,307	95,086,143
Investment in general fixed assets (note 6)	-	-	-	-	-	-	-	514,073,623	-	514,073,623	489,777,220	-	514,073,623	489,777,220
Retained earnings :														
Reserved for:														
Bond reserve fund	-	-	-	-	4,867,861	-	-	-	-	4,867,861	6,563,769	-	4,867,861	6,563,769
Unreserved	-	-	-	-	327,719,094	17,013,492	-	-	-	344,732,586	320,705,264	5,494,605	350,227,191	324,997,734
Fund balance :														
Reserved for:														
Prepaid items	-	549,543	-	-	-	-	-	-	-	549,543	366,357	-	549,543	366,357
Debt service	-	-	1,205,296	-	-	-	-	-	-	1,205,296	2,787,011	-	1,205,296	2,787,011
Unreserved:														
Designated for capital projects	-	-	-	50,239,132	-	-	-	-	-	50,239,132	47,269,678	-	50,239,132	47,269,678
Designated for trust purposes	-	-	-	-	-	-	2,277,251	-	-	2,277,251	2,085,475	-	2,277,251	2,085,475
Undesignated	14,831,853	5,311,657	-	-	-	-	-	-	-	20,143,510	17,737,875	-	20,143,510	17,737,875
Total retained earnings / fund balances	14,831,853	5,861,200	1,205,296	50,239,132	332,586,955	17,013,492	2,277,251	-	-	424,015,179	397,515,429	5,494,605	429,509,784	401,807,899
Total equity and other credits	14,831,853	5,861,200	1,205,296	50,239,132	447,418,824	17,950,162	2,277,251	514,073,623	-	1,053,857,341	1,001,058,024	14,813,688	1,068,671,029	1,014,899,577
Total liabilities, equity and other credits	\$ 24,157,568	15,893,741	1,456,966	57,413,887	616,682,191	39,432,608	3,463,596	514,073,623	162,686,044	1,435,260,224	1,334,201,586	15,463,835	1,450,724,059	1,348,637,876

The accompanying notes to combined financial statements are an integral part of this statement.

CITY OF GARLAND, TEXAS

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 All Governmental Fund Types and Expendable Trust Fund
 For the fiscal year ended September 30, 2000
 with comparative totals for year ended September 30, 1999

	Governmental Fund Types				Fiduciary	Totals	
	General	Special	Debt	Capital	Fund Type	(Memorandum Only)	
		Revenue	Service	Projects	Expendable	2000	1999
Trust							
Revenues:							
Taxes (note 4)	\$ 46,238,520	477,944	18,429,980	-	-	65,146,444	61,695,829
Franchise fees	6,248,115	-	-	-	-	6,248,115	6,150,311
Service charges	11,207,515	-	-	-	-	11,207,515	11,961,917
Licenses and permits	1,510,857	-	-	-	-	1,510,857	1,603,990
Earnings on investments	1,321,639	576,129	822,486	3,211,811	194,788	6,126,853	4,222,342
Intergovernmental	334,126	11,282,353	-	-	-	11,616,479	10,272,965
Intragovernmental (note 3)	19,174,705	-	-	-	-	19,174,705	17,190,353
Fines and forfeits	4,036,751	-	-	-	-	4,036,751	3,765,551
Rents and concessions	544,290	-	-	-	-	544,290	500,003
Assessments	-	-	-	49,962	-	49,962	58,343
Impact Fees	-	-	-	-	-	-	380,000
Contributions	-	134,658	-	1,695,772	1,705	1,832,135	1,902
Awards	-	-	-	-	150,295	150,295	214,706
Program income	-	222,549	-	-	-	222,549	481,154
Special event income	-	956,352	-	-	-	956,352	634,099
Miscellaneous and other	-	953,403	-	454,535	4,760	1,412,698	1,525,369
Total revenues	90,616,518	14,603,388	19,252,466	5,412,080	351,548	130,236,000	120,658,834
Expenditures:							
Current:							
General government	7,011,395	-	-	-	-	7,011,395	6,779,219
Public safety	48,246,794	-	-	-	-	48,246,794	46,142,166
Public works	5,848,079	-	-	-	-	5,848,079	5,756,813
Culture and recreation	9,619,379	-	-	-	-	9,619,379	9,264,169
Public health	2,076,463	-	-	-	-	2,076,463	1,898,471
Nondepartmental	10,741,459	-	-	-	-	10,741,459	9,594,409
Operations	-	21,858,863	-	-	65,928	21,924,791	17,338,134
Capital outlay	-	931,404	-	18,647,562	93,844	19,672,810	14,812,714
Debt service:							
Principal retirement	-	-	11,983,282	-	-	11,983,282	11,434,315
Interest	-	-	8,333,063	-	-	8,333,063	6,877,532
Tri City Academy	-	-	74,077	-	-	74,077	75,129
Advance from other funds (note 9, 14)	-	-	74,441	-	-	74,441	77,881
Other and fiscal expense	-	-	371,071	-	-	371,071	320,800
Total expenditures	83,543,569	22,790,267	20,835,934	18,647,562	159,772	145,977,104	130,371,752
Excess (deficiency) of revenues over expenditure	7,072,949	(8,186,879)	(1,583,468)	(13,235,482)	191,776	(15,741,104)	(9,712,918)
Other financing sources (uses)							
Net proceeds of long-term debt (note 14)	-	-	-	15,649,936	-	15,649,936	23,560,000
Proceeds of general obligation refunding bond	-	-	-	-	-	-	10,902,279
Payment to general obligation refunding escrow agent	-	-	-	-	-	-	(10,902,279)
Operating transfers in (note 9)	-	10,128,625	1,753	655,000	-	10,785,378	7,209,053
Operating transfers out (note 9)	(6,395,335)	(30,539)	-	(100,000)	-	(6,525,874)	(7,917,726)
Total other financing sources (uses)	(6,395,335)	10,098,086	1,753	16,204,936	-	19,909,440	22,851,327
Excess (deficiency) of revenues and other source over expenditures and other uses	677,614	1,911,207	(1,581,715)	2,969,454	191,776	4,168,336	13,138,409
Fund balances, beginning of year	14,154,239	3,949,993	2,787,011	47,269,678	2,085,475	70,246,396	57,107,987
Fund balances, end of year	\$ 14,831,853	5,861,200	1,205,296	50,239,132	2,277,251	74,414,732	70,246,396

The accompanying notes to combined financial statements are an integral part of this statement.

CITY OF GARLAND, TEXAS

Exhibit 3

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General, Special Revenue and Debt Service Funds
For the budget year ended September 30, 2000**

	General Fund			Budgeted Special Revenue Funds			Debt Service Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
Taxes (note 4)	\$ 45,877,708	46,238,520	360,812	527,044	477,944	(49,100)	18,176,350	18,429,980	253,630
Franchise fees	6,117,350	6,248,115	130,765	-	-	-	-	-	-
Service charges	10,809,989	11,207,515	397,526	-	-	-	-	-	-
Licenses and permit:	1,493,736	1,510,857	17,121	-	-	-	-	-	-
Earnings on investment:	1,128,000	1,321,639	193,639	75,000	75,832	832	675,000	822,486	147,486
Intergovernmental	281,332	334,126	52,794	-	-	-	-	-	-
Intragovernmental (note 3)	17,836,174	19,174,705	1,338,531	-	-	-	-	-	-
Fines and forfeit:	4,173,952	4,036,751	(137,201)	-	-	-	-	-	-
Rents and concession:	517,865	544,290	26,425	-	-	-	-	-	-
Assessments	-	-	-	10,000	-	(10,000)	-	-	-
Special event income	-	-	-	995,000	956,352	(38,648)	-	-	-
Miscellaneous	-	-	-	202,500	225,439	22,939	-	-	-
Total revenues	88,236,106	90,616,518	2,380,412	1,809,544	1,735,567	(73,977)	18,851,350	19,252,466	401,116
Expenditures:									
Current:									
General government	7,244,127	7,011,395	232,732	-	-	-	-	-	-
Public safety	46,935,884	48,246,794	(1,310,910)	-	-	-	-	-	-
Public works	6,153,514	5,848,079	305,435	-	-	-	-	-	-
Culture and recreation	9,775,751	9,619,379	156,372	-	-	-	-	-	-
Public health	1,861,506	2,076,463	(214,957)	-	-	-	-	-	-
Nondepartmental	12,339,294	10,741,459	1,597,835	-	-	-	-	-	-
Operations	-	-	-	8,538,925	9,235,555	(696,630)	-	-	-
Capital outlay	-	-	-	599,932	599,931	1	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	11,983,282	11,983,282	-
Interest	-	-	-	-	-	-	8,333,065	8,333,063	2
Tri city academy	-	-	-	-	-	-	74,077	74,077	-
Advance from other funds (note 9,14)	-	-	-	-	-	-	74,441	74,441	-
Fiscal charges and other	-	-	-	-	-	-	359,492	371,071	(11,579)
Total expenditures	84,310,076	83,543,569	766,507	9,138,857	9,835,486	(696,629)	20,824,357	20,835,934	(11,577)
Excess (deficiency) of revenues over expenditure	3,926,030	7,072,949	3,146,919	(7,329,313)	(8,099,919)	(770,606)	(1,973,007)	(1,583,468)	389,539
Other financing sources (uses)									
Operating transfers in (note 9)	-	-	-	9,801,381	9,801,381	-	-	1,753	1,753
Operating transfers out (note 9)	(6,257,433)	(6,395,335)	(137,902)	(31,039)	(30,539)	500	-	-	-
Total other financing sources (uses)	(6,257,433)	(6,395,335)	(137,902)	9,770,342	9,770,842	500	-	1,753	1,753
Excess (deficiency) of revenues and other source:									
over expenditures and other use	(2,331,403)	677,614	3,009,017	2,441,029	1,670,923	(770,106)	(1,973,007)	(1,581,715)	391,292
Fund balances (deficit), beginning of year	14,154,239	14,154,239	-	1,339,925	1,339,925	-	2,787,011	2,787,011	-
Fund balances (deficit), end of year	\$ 11,822,836	14,831,853	3,009,017	3,780,954	3,010,848	(770,106)	814,004	1,205,296	391,292

The accompanying notes to combined financial statements are an integral part of this statement.

CITY OF GARLAND, TEXAS

Exhibit 4

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types and Discretely Presented Component Units
For the fiscal year ended September 30, 2000
With comparative totals for year ended September 30, 1999

	2000		Totals Primary Government (Memorandum Only)		2000 Component Units	Total Reporting Entity (Memorandum Only)	
	Enterprise	Internal Service	2000	1999		2000	1999
Operating revenues:							
Charges for services	\$ 241,030,437	26,774,735	267,805,172	242,836,120	39,696	267,844,868	242,875,816
Rental Income	-	-	-	-	4,722,042	4,722,042	4,399,592
Premiums	-	15,329,320	15,329,320	11,673,264	-	15,329,320	11,673,264
Other	1,064,497	936,300	2,000,797	1,501,439	924,386	2,925,183	2,144,259
Total operating revenues	242,094,934	43,040,355	285,135,289	256,010,823	5,686,124	290,821,413	261,092,931
Operating expenses before depreciation:							
Operations	186,961,387	35,565,567	222,526,954	201,439,396	4,300,766	226,827,720	205,202,852
Payments in lieu of taxes (note 3)	13,722,478	-	13,722,478	12,041,092	-	13,722,478	12,041,092
General and administrative (note 3)	2,495,052	980,980	3,476,032	3,973,156	-	3,476,032	3,973,156
Total operating expenses before depreciation	203,178,917	36,546,547	239,725,464	217,453,644	4,300,766	244,026,230	221,217,100
Operating income before depreciation	38,916,017	6,493,808	45,409,825	38,557,179	1,385,358	46,795,183	39,875,831
Depreciation expense	19,193,844	4,212,600	23,406,444	22,091,183	461,922	23,868,366	22,539,649
Operating income	19,722,173	2,281,208	22,003,381	16,465,996	923,436	22,926,817	17,336,182
Nonoperating revenues (expenses):							
Earnings on investments	10,337,447	1,321,336	11,658,783	6,706,853	48,699	11,707,482	6,746,222
Mortgage revenue bond fees	-	-	-	-	-	-	85,685
Other	-	-	-	-	-	-	12,733
Interest expense	(6,904,553)	(166,693)	(7,071,246)	(5,622,859)	-	(7,071,246)	(5,622,858)
Total nonoperating revenues (expenses)	3,432,894	1,154,643	4,587,537	1,083,994	48,699	4,636,236	1,221,782
Income (loss) before operating transfers	23,155,067	3,435,851	26,590,918	17,549,990	972,135	27,563,053	18,557,964
Operating transfers in (note 9)	-	1,018,057	1,018,057	942,959	-	1,018,057	942,959
Operating transfers out (note 9)	(1,804,848)	(3,472,713)	(5,277,561)	(234,286)	-	(5,277,561)	(234,286)
Net operating transfers	(1,804,848)	(2,454,656)	(4,259,504)	708,673	-	(4,259,504)	708,673
Net income	21,350,219	981,195	22,331,414	18,258,663	972,135	23,303,549	19,266,636
Add back depreciation on contributed assets	-	-	-	-	230,000	230,000	230,000
Retained earnings, beginning of year	311,236,736	16,032,297	327,269,033	309,010,370	4,292,470	331,561,503	312,064,867
Retained earnings, end of year	\$ 332,586,955	17,013,492	349,600,447	327,269,033	5,494,605	355,095,052	331,561,503

The accompanying notes to the combined financial statements are an integral part of this statement.

CITY OF GARLAND, TEXAS

Exhibit 5

Combined Statement of Cash Flows
All Proprietary Fund Types and Discretely Presented Component Units
For the fiscal year ended September 30, 2000
With comparative totals for September 30, 1999

	2000		Total Primary Government (Memorandum Only)		2000	Total Reporting Entity (Memorandum Only)	
	Enterprise	Internal Service	2000	1999	Component Units	2000	1999
Cash flows from operating activities:							
Cash received from customers	\$ 227,842,845	42,898,559	270,741,404	255,231,081	4,760,919	275,502,323	259,700,133
Cash received for customer deposits	-	507,697	507,697	109,823	12,197	519,894	128,212
Cash payments to suppliers for goods and services	(160,041,969)	(25,779,604)	(185,821,573)	(179,492,213)	(4,214,555)	(190,036,128)	(183,447,518)
Cash payments to employees for services	(23,541,349)	(10,307,158)	(33,848,507)	(31,801,273)	-	(33,848,507)	(31,801,273)
Cash payments to affiliates	-	-	-	-	(30,912)	(30,912)	(30,912)
Payment in lieu of taxes	(13,722,478)	-	(13,722,478)	(12,041,092)	-	(13,722,478)	(12,041,092)
Other operating revenues (payments)	1,064,497	-	1,064,497	663,673	947,361	2,011,858	1,254,356
Net cash provided by operating activities	31,601,546	7,319,494	38,921,040	32,669,999	1,475,010	40,396,050	33,761,906
Cash flows from non-capital financing activities:							
Due to other funds - increases	15,208	-	15,208	59,931	-	15,208	59,931
Due to other government -increases	76,425	9,909	86,334	-	-	86,334	-
Due from other funds - increases	(660,646)	-	(660,646)	(383,085)	-	(660,646)	(383,085)
Due from other funds - decreases	-	472,993	472,993	-	-	472,993	-
Advances to other funds - decreases	1,674,321	-	1,674,321	1,545,433	-	1,674,321	1,545,433
Advances from other funds - decreases	-	(1,118,071)	(1,118,071)	-	-	(1,118,071)	-
Due to other funds - decreases	-	(48,546)	(48,546)	661,446	-	(48,546)	661,446
Cash received from affiliates	-	-	-	-	-	-	99,000
Transfers in from other funds	-	1,018,057	1,018,057	942,959	-	1,018,057	942,959
Transfers out to other funds	(1,804,849)	(3,472,713)	(5,277,562)	(234,287)	-	(5,277,562)	(234,287)
Net cash provided (used) for non-capital financing activities	(699,541)	(3,138,371)	(3,837,912)	2,592,397	-	(3,837,912)	2,691,397
Cash flows from capital and related financing activities:							
Proceeds from sale of:							
Certificates of obligation	58,824,253	-	58,824,253	15,545,900	-	58,824,253	15,545,900
General Obligations	-	-	-	2,090,000	-	-	2,090,000
Acquisition and construction of capital assets	(50,890,017)	(6,340,112)	(57,230,129)	(35,770,191)	(75,481)	(57,305,610)	(36,501,331)
Principal paid on:							
Revenue bonds	(7,400,000)	-	(7,400,000)	(7,555,000)	-	(7,400,000)	(7,555,000)
Certificates of obligation	(2,408,628)	(234,592)	(2,643,220)	(3,997,549)	-	(2,643,220)	(3,997,549)
General obligation bonds	(1,581,945)	-	(1,581,945)	(1,323,136)	-	(1,581,945)	(1,323,136)
Advances from other funds	-	(485,250)	(485,250)	(1,474,433)	-	(485,250)	(1,474,433)
Interest paid on:							
Revenue bonds	(1,419,476)	-	(1,419,476)	(1,834,747)	-	(1,419,476)	(1,834,747)
Certificates of obligation	(2,781,828)	(55,796)	(2,837,624)	(2,579,569)	-	(2,837,624)	(2,579,569)
General obligation bonds	(1,325,591)	-	(1,325,591)	(1,289,310)	-	(1,325,591)	(1,289,310)
Advances from other funds	-	(120,048)	(120,048)	-	-	(120,048)	-
Proceeds from the sale of assets	-	-	-	4,461	-	-	4,461
Capital contributions from customers	2,003,164	-	2,003,164	3,275,846	-	2,003,164	3,275,846
Net cash provided (used) for capital and related financing activities	\$ (6,980,068)	(7,235,798)	(14,215,866)	(34,907,728)	(75,481)	(14,291,347)	(35,638,868)

CITY OF GARLAND, TEXAS

Exhibit 5, Continued

Combined Statement of Cash Flows, (Continued)
All Proprietary Fund Types and Discretely Presented Component Units
For the fiscal year ended September 30, 2000
With comparative totals for September 30, 1999

	2000		Total Primary Government (Memorandum Only)		2000	Total Reporting Entity (Memorandum Only)	
	Enterprise	Internal Service	2000	1999	Component Units	2000	1999
Cash flows from investing activities:							
Purchase of investment securities	\$ (88,155,354)	(10,406,201)	(98,561,555)	(106,553,671)	-	(98,561,555)	(106,553,671)
Proceeds from the sale and maturates of investment securities	33,426,694	7,922,857	41,349,551	78,615,339	-	41,349,551	78,615,339
Mortgage revenue bond fees	-	-	-	-	-	-	85,685
Earnings on investments	9,491,223	1,213,986	10,705,209	8,295,689	48,566	10,753,775	8,336,536
Net cash provided (used) by investing activities	(45,237,437)	(1,269,358)	(46,506,795)	(19,642,643)	48,566	(46,458,229)	(19,516,111)
Net increase (decrease) in cash and cash equivalents	(21,315,500)	(4,324,033)	(25,639,533)	(19,287,975)	1,448,095	(24,191,438)	(18,701,676)
Cash and cash equivalents at beginning of year	39,238,409	6,931,632	46,170,041	65,458,016	3,681,282	49,851,322	68,552,998
Cash and cash equivalents at end of year	\$ 17,922,909	2,607,599	20,530,508	46,170,041	5,129,377	25,659,884	49,851,322
Reconciliation of operating income to net cash provided by operating activities:							
Operating income	\$ 19,722,173	2,281,208	22,003,381	16,465,996	923,436	22,926,817	17,336,182
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	19,193,844	4,212,600	23,406,444	22,091,183	461,922	23,868,366	22,539,649
Provision for uncollectible accounts	30,458	-	30,458	169,944	-	30,458	169,944
Gain (loss) on disposal of assets	-	-	-	(3,450)	-	-	262,899
Change in assets and liabilities:							
Decrease (increase) in accounts receivable	(13,141,561)	(141,796)	(13,283,357)	(200,359)	29,441	(13,253,916)	(182,721)
Decrease (increase) in due to affiliate	-	-	-	-	(30,912)	(30,912)	(30,912)
Decrease (increase) in inventory	(137,267)	885,806	748,539	1,073,889	-	748,539	1,073,889
Decrease (increase) in prepaid items	-	-	-	-	4,803	4,803	(32,726)
Increase (decrease) in accounts payable	5,960,565	(832,926)	5,127,639	(7,130,133)	81,409	5,209,048	(7,588,330)
Increase (decrease) in customer deposits	-	507,697	507,697	109,823	12,197	519,894	128,212
Increase (decrease) in deferred revenue	-	-	-	-	(7,286)	(7,286)	(7,286)
Increase (decrease) in compensated absences	(26,667)	10,072	(16,595)	93,106	-	(16,595)	93,106
Increase (decrease) in insurance claims payable	-	396,833	396,833	-	-	396,833	-
Total adjustments	11,879,372	5,038,286	16,917,658	16,204,003	551,574	17,469,232	16,425,724
Net cash provided by operating activities	\$ 31,601,545	7,319,494	38,921,039	32,669,999	1,475,010	40,396,049	33,761,906
Noncash investing, capital and financing activities:							
Capitalized revenue bond interest	\$ -	-	-	212,670	-	-	212,670
Capitalized general & administrative expense	1,037,976	-	1,037,976	685,062	-	1,037,976	685,062
Contributions from developers	2,003,164	-	2,003,164	3,275,846	-	2,003,164	3,275,846
Insurance claims payable increase (reduction)	-	-	-	-	-	-	-

The accompanying notes to combined financial statements are an integral part of this statement.

CITY OF GARLAND, TEXAS

Notes to Combined Financial Statements

September 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Garland, Texas, (the City) relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) in various statements and interpretations. The following represent the more significant accounting and reporting policies and practices used by the City:

A. Reporting Entity

The City was incorporated in April 1891 under the provisions of Home Rule Amendment to the State Constitution. Operating under a Council-Manager form of government, the City provides the following services as authorized by its Charter: public safety, public works, culture, recreation, community development, and utilities. The City's combined financial statements include the accounts of all City operations.

The City is a municipal corporation governed by an elected mayor and eight-member council. The City receives funding from state and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined in pronouncements by the Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Reporting Entity," since Council members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Discretely Presented Component Units

- The Garland Housing Finance Corporation (GHFC) was organized to finance the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at affordable prices.
- The Garland Health Facilities Development Corporation (GHFDC) was organized to provide tax-exempt revenue bond financing for eligible health-related businesses in the City.
- The Garland Economic Development Authority (GEDA), Inc. was organized to provide tax-exempt revenue bond financing for eligible business locating or expanding in the City.

Each component unit is governed by a board of directors that are appointed by and serve at the discretion of the City Council. All three component units are reported as proprietary entities and maintain their accounts on an accrual basis of accounting.

Complete financial statements for all three component units may be obtained from the City of Garland, Finance Department, 200 North Fifth, Garland Texas 75040.

B. Basis of Presentation - Fund Accounting

Accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance and retained earnings, revenues, expenditures and expenses. Various funds and account groups are grouped as follows in the combined financial statements.

CITY OF GARLAND, TEXAS

Governmental Fund Types

Governmental Fund Types are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types

Proprietary Fund Types are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The following are the City's Proprietary Fund Types:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - The Internal Service Funds are used to account for the financing of goods or services, insurance premiums and claims provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Fund Types

Fiduciary Fund Types account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and other funds. These are reported as Expendable Trust Funds. Expendable Trust Funds are accounted for and reported in essentially the same manner as governmental funds.

Account Groups

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. The following are the City's account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the City, other than those accounted for in the proprietary funds.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the City except that accounted for in the proprietary funds. Long-term debt of the City includes general obligation bonds, certificates of obligation, compensated absences, and landfill post-closure cost.

CITY OF GARLAND, TEXAS

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The City applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The modified accrual basis of accounting is used by all governmental fund types and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, intergovernmental revenue, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City also are recognized as revenue. Fines, permits and concession revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant moneys are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Utility customers are billed monthly on a cycle billing basis with revenues being recorded when customers are billed. Additionally, estimated unbilled revenues are recorded at the end of the accounting period. Unbilled electric revenue includes estimated accruals for the excess amount of fuel costs incurred over base fuel costs. Unbilled water revenue includes estimated accruals for the excess amount of water costs incurred over base water costs. These unbilled costs are to be recovered through fuel and water cost adjustment billings to customers.

D. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding lapse at year-end and the subsequent year's budget is amended for the outstanding encumbrances.

E. Transfers

All recurring or routine transfers are appropriately treated as operating transfers and are included in the results of operations of both governmental and proprietary funds. Non recurring or non routine transfers of equity between funds are accounted for as residual equity transfers.

CITY OF GARLAND, TEXAS

F. Investments

In order to facilitate cash management, the operating cash of certain funds is pooled into a common bank account for the purpose of increasing income through combined investment activities. Investments are recorded at fair value. For the purposes of the statement of cash flows, investments with a remaining maturity when purchased of three months or less are considered to be cash equivalents.

Investments are distributed to the appropriate funds utilizing a formula based on a pro rata allocation reflecting the respective quick asset balance of each fund at fiscal year end. Interest income is distributed monthly to the appropriate funds utilizing a formula based on the interfund cash and investment relationships at each month end.

G. Advance to Other Funds

Noncurrent portions of long-term interfund loans receivable (reported in "Advance to" asset accounts) are offset by a reserve of fund balance which indicates that they do not constitute "available spendable resources" and, therefore, are not available for appropriation.

H. Inventories

Inventories are valued at average cost and consists of expendable supplies held for consumption or the construction of plant and equipment. Inventories are accounted for under the consumption method.

I. General Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. When purchased, fixed assets are recorded as expenditures in the Governmental Fund Types and capitalized at cost in the General Fixed Assets Account Group. All fixed assets are valued at historical cost or estimated cost if actual historical cost is not available. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized along with other general fixed assets. Contributed fixed assets are valued at their estimated fair market value on the date donated.

No depreciation has been provided on general fixed assets, nor has interest been capitalized.

J. Property, Plant and Equipment

Property, plant and equipment owned by the Proprietary Fund Types is stated at the historical cost of construction or, with respect to contributions in aid of construction from third parties (principally developers), at an estimated value which approximates cost of construction. The cost of construction in the Proprietary Funds includes an allowance for funds used during construction which is the cost, during the period of long-term debt used for construction purposes. During the year ended September 30, 2000, \$7,071,246 of interest costs were incurred. Also, to the extent the construction is performed by the City, the cost includes payroll, payroll related costs and certain general and administrative expenses.

Maintenance, repairs and minor renewals are charged to operating expense; major property replacements are capitalized.

CITY OF GARLAND, TEXAS

Depreciation is computed on the straight-line basis at rates based on the estimated service lives of the various classes of property. Depreciation of current year additions and retirements is computed at one-half the straight-line rate. Depreciation on purchased and contributed assets is charged to operations of the proprietary funds. A summary of depreciation rates and estimated service lives by classes of property is as follows:

<u>Class or Property</u>	<u>Rate</u>	<u>Estimated Service Lives</u>
Electric System	2.5% - 10%	10 - 40 years
Water System	2.5% - 10%	10 - 40 years
Sanitary Sewer System	2.5% - 10%	10 - 40 years
Sanitation	5% - 20%	5 - 40 years
Golf Park	5% - 20%	5 - 40 years
Business Ventures	5% - 20 %	5 - 40 years
Storm Water Management	5% - 20%	5 - 40 years
Internal Service	10%	10 years
GHFC - Apartment Complex	2.5%	40 years

K. Vacation, Sick Leave and Compensatory Time

City employees are granted vacation, sick leave and compensatory time in varying amounts. Employees are reimbursed upon termination for accumulated vacation and only non-exempt employees are reimbursed for compensatory time. Employees are not reimbursed upon termination for accumulated sick leave except for police and firefighters who are reimbursed up to a maximum of 90 days accumulated sick leave.

The liability for accumulated vacation for all employees of the general government amounted to \$3,934,963 and \$379,426 for non-exempt employees compensatory time at September 30, 2000. The liability for accumulated sick leave for police and firefighters was \$7,530,512. Accumulated vacation amounted to \$1,652,515 and compensatory time for non-exempt employees amounted to \$92,049 in the proprietary funds at September 30, 2000, has been accrued as incurred and reported as a current liability. The liabilities for accumulated vacation, sick leave and compensatory time for non-exempt employees for governmental fund types, which represent normal accumulations, have been recorded in the General Long-Term Debt Account Group in accordance with provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable.

L. Budgetary Data

The City Charter of the City contains the following requirements, which are adhered to by the City Council and management, regarding preparation of the annual Budget:

- (1) Prior to August 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted prior to September 15 to obtain taxpayer comments.
- (3) Prior to September 20, annual appropriations are approved through the passage of an ordinance. If the Council takes no action on or prior to such day, the budget, as submitted by the City Manager, is deemed to have been adopted by the City Council.
- (4) The level of control (level at which expenditures may not exceed budget) is the fund. The City Manager is authorized to transfer unexpended balances within each fund. The City Council, however, must approve any revisions in fund appropriations.

Annual appropriations for the General Fund, Hotel/Motel Fund, Infrastructure Repair Fund, and the Debt Service Fund, as approved, are presented as budget in the accompanying financial statements. Supplemental appropriations of \$743,919 in the General Fund were approved by City Council for the fiscal year. Appropriations lapse at year end.

CITY OF GARLAND, TEXAS

M. Budget Basis of Accounting

The General Fund, Hotel/Motel Tax Fund (Special Revenue), Infrastructure Fund (Special Revenue) and Debt Service Fund are budgeted on a basis consistent with generally accepted accounting principles (GAAP basis). The actual results of operations for these funds are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on a budget basis in accordance with the City Charter in order to provide a meaningful comparison of actual results with the budget.

A summary of the results of operations and fund balance of the budgeted and unbudgeted Special Revenue Funds at September 30, 2000, on the GAAP basis are as follows:

	Special Revenue Funds	
	Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	Fund Balance (Deficit) September 30, 2000
Budgeted funds:		
Hotel/Motel Tax	\$ (227,280)	(351,155)
Infrastructure Repair	1,898,203	3,362,003
Total budgeted funds	1,670,923	3,010,848
Unbudgeted funds:		
Housing Assistance Program	(868,324)	60
Neighborhood Services	513,548	1,367,242
Impact Fees	349,898	1,216,889
Landfill Closure	58,430	58,430
Police Training Grant	186,732	207,731
Total unbudgeted funds	240,284	2,850,352
Total GAAP basis	1,911,207	5,861,200

N. Memorandum Only - Total Columns

The "Memorandum Only" captions on the combined financial statements are presented for overview informational purposes only and to facilitate financial analysis. No consolidating entries or interfund eliminations were made in the aggregation of the totals; thus, they do not present consolidated information and are not intended to fairly present financial position, results of operations, or changes in cash flows for the City of Garland as a whole in conformity with generally accepted accounting principles.

CITY OF GARLAND, TEXAS

O. Comparative Data

Comparative totals for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data (presentation of prior year totals by fund type in each of the statements) has not been included since the inclusion would make the statements unduly complex and difficult to read. Various accounts in prior year totals have been reclassified to conform with current year presentation.

P. Reserved Fund Balances/Retained Earnings

Fund balances/retained earnings may be reserved for capital improvements, encumbrances, prepaid items or debt reserve requirements. At September 30, 2000, all outstanding encumbrances were closed and reopened in the subsequent fiscal year. The Housing Assistance Program, a Special Revenue Fund, has a reserve for prepaid items of \$549,543. Retained earnings of the enterprise funds have debt reserve requirements of \$4,867,861.

2. FUND DEFICITS AND BUDGET COMPLIANCE

At September 30, 2000, the Hotel/Motel Tax Fund, a Special Revenue fund, had a fund deficit of \$351,155 and expenditures exceeded appropriations by \$90,492. The deficit will be eliminated by revenues recognized in future years.

Additionally, the following Proprietary Funds, had retained deficits at September 30, 2000:

The Heliport Fund retained deficit is a result of depreciating assets acquired with Federal Grant proceeds which are reported as contributed capital. When the retained deficit of \$255,003 is subtracted from contributed capital of \$2,529,045 the net Heliport Fund equity totals \$2,274,042.

The Group Health Fund deficit of \$1,471,974 was reduced by \$440,595 from the prior year. This deficit will be eliminated through changes to plan design with higher employee deductibles.

The Self Insurance Fund deficit of \$1,087,559 is the result of increasing insurance claims. This deficit will be eliminated by increasing charges to other operating funds in future years.

The Long Term Disability Insurance Fund retained deficit of \$1,870,536 is the result of an accrual of claims incurred but not reported of \$2,386,411. The accrual was made on the basis of an actuarial analysis completed in January, 2001. This deficit will be eliminated through increased rates over the next 15 years.

The Infrastructure Repair Fund had an excess of expenditures over appropriations amounting to \$605,637. This excess is offset by the excess of revenues and other sources over expenditures and other uses amounting to \$1,898,203. The Debt Service Fund has an excess of expenditures over appropriations amounting to \$11,577. This excess is offset by the excess of revenues and other sources over expenditures and other uses amounting to \$401,116.

CITY OF GARLAND, TEXAS

3. INTRAGOVERNMENTAL REVENUES

During the fiscal year, the City's General Fund allocated to other funds a portion of the costs of providing certain services to the various funds. Services provided by General Fund activities include, but are not limited to, administration, legal, accounting, budgeting, personnel, purchasing and engineering

These allocations, detailed in the table below, are based on actual expenditures incurred and actual services rendered.

Fund Allocated To:	\$	General
Debt Service	\$	359,492
Electric		1,872,844 (1)
Water		394,615 (1)
Sewer		824,228 (1)
Sanitation		331,683
Golf		131,939
Storm Water Management		262,539
Parks Performance		21,908
Heliport		1,254
Information Technology		380,919
Facilities Management		251,324
Warehouse		102,777
Customer Service		245,960
Hotel/Motel		19,281
Total	\$	<u>5,200,763</u>

(1) \$1,345,958 of these amounts has been capitalized as part of construction costs.

The Electric, Water, Sewer and Sanitation Utility Funds have incurred an operating payment in lieu of taxes to the General Fund in the amount of \$13,857,277. The purpose of the payment is to recognize franchise taxes and ad valorem taxes charged by the General Fund. Franchise taxes are based on the gross revenues of the Electric, Water, Sewer and Sanitation Utility Funds and ad valorem taxes are based on the value of real and personal property of the Electric, Water and Sewer Utility Funds.

The General Fund recognized revenue for indirect cost reimbursement in the amount of \$116,665 from the Northeast Texas Library System, which is accounted for a Special Revenue Fund. The purpose of the indirect cost reimbursement is to reimburse the cost of services performed by the General Fund on behalf of the Special Revenue Fund. The services performed by the General Fund include, but are not limited to, administration, legal, accounting, budgeting, personnel, purchasing, engineering, and equipment maintenance.

CITY OF GARLAND, TEXAS

4. PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established by the Dallas Central Appraisal District at 100% of estimated market value. The tax rate to finance general governmental services, including debt service, for the year ended September 30, 2000, was \$ 0.6136 per \$100 of assessed valuation. The assessed value for the roll of January 1, 1999, upon which the 1999 levy was based, was \$7,473,574,478.

Property taxes attach an enforceable lien on property as of January 1. Taxes are due immediately following the October 1 levy date and are considered delinquent after January 31 of the following year. Penalty and interest are charged at 7% on delinquent taxes beginning February 1, and increases each month to 18% on July 1. After all collection efforts have failed, the City files suit to collect the delinquent taxes.

Current tax collections for the year ended September 30, 2000, were 99.05% of the tax levy. Property taxes estimated to be collected within sixty days of the close of the fiscal year are recognized as revenues in accordance with the provisions of NCGA Interpretation No. 3, "Revenue Recognition - Property Taxes."

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews by the appraisal district through various appeals and, if necessary, legal action. Under this system the City sets tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

5. RETIREMENT PLANS

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 731 administered by TMRS, an agent multiple-employer public employee retirement system. A copy of separately audited financial statements of the plan could be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City has granted, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 10 or more years of service or with 25 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 10 years, but he/she must leave his/her accumulated contributions in the plan. If a member withdraws his/her own money, he/she is not entitled to the employer-financed monetary credits, even if he/she was vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

CITY OF GARLAND, TEXAS

Contributions

The contribution rate for employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25-year amortization period. When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period. Currently, the unfunded actuarial liability is being amortized over the 25-year period, which began January, 1998. The unit credit actuarial cost method is used for determining the City's contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

The City's total payroll in fiscal year 2000 was \$81,450,452, and the City's contributions were based on a payroll of \$79,916,183. Both the City and the covered employees made the required contributions, amounting to \$11,446,106 for the City and \$5,594,133 (7 %) for the employees.

A summary of City and employee contributions for the fiscal year ending September 30, 2000, follows:

	Gross Earnings	Normal Rate	Normal Contribution	Unfunded Actuarial Liability Rate	Unfunded Actuarial Liability Contribution	Death and Disability Benefit Rate	Death and Disability Benefit Contribution	Total Rate	Total Contribution
City Contribution:									
Months in calendar year 1999	\$22,097,278	10.55%	\$2,331,263	4.56%	\$1,007,636	0.24%	\$53,033	15.35%	\$3,391,932
Months in calendar year 2000	57,818,905	10.06%	5,816,582	3.64%	2,104,608	0.23%	132,984	13.93%	8,054,174
Total Fiscal Year	<u>\$79,916,183</u>		<u>\$8,147,845</u>		<u>\$3,112,244</u>		<u>\$186,017</u>		<u>\$11,446,106</u>
Employee Contribution:									
Months in calendar year 1999	\$22,097,278	7.00%	\$1,546,810	-	-	-	-	7.00%	\$1,546,810
Months in calendar year 2000	57,818,905	7.00%	4,047,323	-	-	-	-	7.00%	4,047,323
Total Fiscal Year	<u>\$79,916,183</u>		<u>\$5,594,133</u>		<u>-</u>		<u>-</u>		<u>\$5,594,133</u>
Total City and Employee Contributions			<u>\$13,741,978</u>		<u>\$3,112,244</u>		<u>\$186,017</u>		<u>\$17,040,239</u>

Three Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1998	10,283,673	100%	--
1999	11,504,898	100%	--
2000	11,446,106	100%	--

CITY OF GARLAND, TEXAS

Actuarial Assumptions

Actuarial Cost Method	- Unit Credit
Amortization Method	- Level Percent of Payroll
Remaining Amortization Period	- 25 Years - Open Period
Asset Valuation Method	- Amortized Cost (to accurately reflect the requirements of GASB stmt., No. 25, paragraphs 36e and 138)
Investment Rate of Return	- 8%
Projected Salary Increases	- None
Includes Inflation At	- None
Cost-of-living Adjustments	- None

Schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12-31-1997	185,243,348	242,991,169	76.2%	57,747,821	68,537,141	84.3%
12-31-1998	201,873,511	256,206,399	78.8%	54,332,888	75,439,857	72.0%
12-31-1999	216,171,046	274,873,063	78.6%	58,702,017	76,310,319	76.9%

CITY OF GARLAND, TEXAS

6. FIXED ASSETS

A summary of changes in general fixed assets for the year ended September 30, 2000, follows:

	October 1, 1999	Additions	Deductions	September 30, 2000
Land	\$ 42,526,154	558,280	--	43,084,434
Buildings	35,860,787	2,059,323	26,178	37,893,932
Improvements other than buildings	307,990,739	7,795,923	--	315,786,662
Equipment	75,145,923	5,450,525	941,603	79,654,845
Construction in progress	28,253,617	19,259,160	9,859,027	37,653,750
	<u>\$ 489,777,220</u>	<u>35,123,211</u>	<u>10,826,808</u>	<u>514,073,623</u>

A summary of proprietary fund type property, plant and equipment at September 30, 2000, follows:

	Land	System	Construction In Progress	Total Assets	Accumulated Depreciation	Net Property, Plant and Equipment
Utility Fund:						
Electric	\$ 390,398	248,573,449	39,675,886	288,639,733	(135,938,777)	152,700,956
Water	238,471	118,789,196	1,373,800	120,401,467	(46,776,435)	73,625,032
Sewer	311,813	209,495,637	8,366,099	218,173,549	(83,108,437)	135,065,112
Sanitation Fund	298,936	9,549,410	46,421	9,894,767	(5,512,596)	4,382,171
Golf Fund	5,376,882	3,416,050	8,944,478	17,737,410	(1,549,246)	16,188,164
Heliport Fund	1,538,974	956,383	--	2,495,357	(309,948)	2,185,409
Storm Water Management Fund	--	2,079,224	--	2,079,224	(1,283,801)	795,423
Parks Performance Fund	--	108,361	--	108,361	(65,187)	43,174
Self Insurance Fund	--	47,631	--	47,631	(39,623)	8,008
Print Shop Fund	--	288,187	--	288,187	(272,966)	15,221
Fleet Services Fund	--	1,905,963	3,096	1,909,059	(628,861)	1,280,198
Equipment Replacement Fund	--	13,037,889	--	13,037,889	(6,752,073)	6,285,816
Information Technology Fund	--	12,512,841	7,804	12,520,645	(6,070,738)	6,449,907
Facilities Management Fund	--	361,712	--	361,712	(265,672)	96,040
Warehouse	--	80,003	--	80,003	(23,666)	56,337
Customer Service	--	352,887	998	353,885	(193,085)	160,800
Total primary government	\$ 8,155,474	621,554,823	58,418,582	688,128,879	(288,791,111)	399,337,768
GHFDC	502,641	--	--	502,641	--	502,641
GHFC	1,300,000	9,503,915	--	10,803,915	(1,166,385)	9,637,530
Total Non-governmental	9,958,115	631,058,738	58,418,582	699,435,435	(289,957,496)	409,477,939

CITY OF GARLAND, TEXAS

7. CONTRIBUTED CAPITAL

Contributed capital to the Proprietary Funds consists of contributions in aid of construction from developers and pro rata and meter charges to customers, Community Development Block Grant, Garland Local Development Corporation, transfers from the General Fixed Asset Account Group, and assets constructed in Capital Projects. A summary of contributed capital for the year ended September 30, 2000, follows:

	October 1, 1999	Additions	Reductions	September 30, 2000
Enterprise Funds:				
Federal grants:				
Duck Creek Wastewater Treatment Plant	\$ 12,708,577	--	--	12,708,577
Rowlett Creek Wastewater Treatment Plant	13,058,016	--	--	13,058,016
Sewer Transmission and Distribution	125,546	--	--	125,546
Water System	428,554	--	--	428,554
Heliport	1,907,622	--	--	1,907,622
Total Federal grants	28,228,315	--	--	28,228,315
Other	84,600,390	2,003,164	--	86,603,554
Total Enterprise Funds	112,828,705	2,003,164	--	114,831,869
Internal Service Funds:				
Other	936,670	--	--	936,670
Total Internal Service Funds	936,670	--	--	936,670
Total Proprietary Funds Contributed Capital	113,765,375	2,003,164	--	115,768,539

Additions to other contributed capital for Enterprise Funds are comprised of \$1,591,394 from developers and \$411,770 for pro rata and meter charges to customers.

Contributed capital for component units consists of the following:

	October 1, 1999	Depreciation	September 30, 2000
GHFC:			
Village of Eastgate	\$ 9,450,083	(230,000)	9,220,083
GHFDC:			
Contributed Land	99,000	--	99,000
	\$ 9,549,083	(230,000)	9,319,083

8. SELF INSURANCE

Self insurance for general and auto liability exposure is maintained in the Self Insurance Fund in the Internal Service Fund group. Self insurance for workers' compensation is also maintained in the Self Insurance Fund. A private insurance company administers workers' compensation claims and losses for the City.

Self insurance premiums of \$6,507,112 were collected from insured funds. Claims settlement and loss expenses are accrued in the Self Insurance Fund for the estimated settlement value of claims reported and incurred but not reported arising from incidents during the period. A liability, insurance claims payable, has been established. The reported liability includes actuarially determined present value projected losses for general, auto and worker's compensation exposure. In determining projected losses, coverage's with material incurred losses were compared to expected industry loss levels for prior periods. Based on this comparison, an experience modifier was

CITY OF GARLAND, TEXAS

selected and applied to current indicated industry premiums per exposure unit to obtain expected losses at the selected per occurrence limits. Based on a current independent actuarial analysis completed in January 2000, claims payable are estimated at \$4,357,069.

Long-Term Disability claims are paid from the LTD Insurance Fund which is funded with City and employee contributions. A private company administers the long-term disability claims and losses for the City. An actuarially determined liability of \$2,386,411 has been established for projected future long-term disability claims.

Group medical benefits are paid from the Group Health Fund which has an annually negotiated stop loss provision. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage. At September 30, 2000, a liability of \$1,895,364 was recognized for open claims and claims incurred but not reported.

The City provides **post employment** health and dental care benefits for all retired employees and their dependents under the same plan as active employees in accordance with City Directives which are approved by City management. Premiums are paid entirely by the retired employees and claims are paid through the Group Health Fund. For the year ended September 30, 2000, claims paid for the 329 retirees in the plan totaled \$1,612,255 and premium contributions received from the retired employees totaled \$620,437.

There were no significant reductions in insurance coverage in the current year from coverage in the prior year, nor have there been any settlements that have exceeded insurance coverage for each of the past three fiscal years.

Changes in the self insurance, long-term disability and group health insurance claims payable in fiscal years 1999 and 2000 are:

Internal Service Fund	Beginning of Fiscal - Year Liability	Current - Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year - End
Self Insurance – 1999	4,561,758	4,910,720	4,910,720	4,561,758
Self Insurance – 2000	4,561,758	4,182,358	4,387,047	4,357,069
Long-Term Disability - 1999	1,964,398	305,674	305,674	1,964,398
Long-Term Disability - 2000	1,964,398	807,867	385,854	2,386,411
Group Health – 1999	1,715,855	8,147,253	8,147,253	1,715,855
Group Health – 2000	1,715,855	7,215,786	7,036,277	1,895,364

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9. INTERFUND TRANSACTIONS

During the year, funds were transferred from one fund to support expenditures of another fund in accordance with the authority established for the individual fund. A summary of interfund transfers by fund type is as follows:

	Transfers From:	Transfers To:				
		Special	Debt	Capital	Internal	Total
		Revenue	Service	Projects	Service	Transfer
		Fund	Fund	Funds	Funds	From
General	\$	5,417,323	--	550,000	428,012	6,395,335
Special Revenue		--	--	--	30,539	30,539
Enterprise		1,550,588	--	--	254,260	1,804,848
Internal Service		3,060,714	1,753	105,000	305,246	3,472,713
Capital Projects		100,000	--	--	--	100,000
Total	\$	<u>10,128,625</u>	<u>1,753</u>	<u>655,000</u>	<u>1,018,057</u>	<u>11,803,435</u>

A summary of interfund receivables and payables at September 30, 2000, is as follows:

Interfund Receivable	Interfund Payable							Interfund Receivable
	Housing Assistance	Community Development	Hotel / Motel Tax	NETLS	Police Training	Capital Projects	Electric	Total
General	\$ --	--	--	--	--	--	4,167	4,167
Neighborhood Services	--	--	--	--	--	--	7,218	7,218
Electric	551,320	180,660	344,634	624,172	56,974	175,000	--	1,947,968
Water	--	--	--	--	--	100,000	--	100,000
Sanitation	--	--	--	--	--	10,005	--	10,005
Fleet Services	--	--	--	--	--	415,000	--	415,000
Information Technology	--	--	--	--	--	177,878	--	177,878
Customer Service	--	--	--	--	--	105,000	--	105,000
Total	<u>\$ 551,320</u>	<u>180,660</u>	<u>344,634</u>	<u>624,172</u>	<u>56,974</u>	<u>982,883</u>	<u>11,385</u>	<u>2,767,236</u>

Additionally, City Council approved interfund loans that are reported as "Advances to\from other funds". These advances were made in-lieu of issuing certificates of obligation to fund the purchase of equipment and capital improvements for the Information Technology Fund. All advances will be repaid to the Electric and Sewer Funds according to terms approved by the City Council.

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A summary of advances to/from at September 30, 2000, is as follows:

	Advance From Other Funds	Advance To Other Funds		Total Advance From Other Funds
		Electric	Sewer	
MIS Fund	\$	727,500	320,000	1,047,500
Warehouse		2,544,548	--	2,544,548
Total Advance To Other Funds	\$	3,272,048	320,000	3,592,048

10. TEXAS MUNICIPAL POWER AGENCY

The Texas Municipal Power Agency (TMPA) was created in 1975 pursuant to legislation that was passed by the 64th Legislative Session. In 1976, the City along with the cities of Bryan, Denton and Greenville entered into identical Power Sales Contracts with TMPA. Under the Power Sales Contracts each member city is required to purchase all future power and energy requirements in excess of the amounts generated by their systems from TMPA at rates set to cover TMPA's operating cost and retirement of debt. In the event that revenues are insufficient to cover all costs to retire the outstanding debt, each of the member cities has guaranteed a portion of the unpaid debt based on a percentage which is determined by each member cities' annual net energy load. The City of Garland does not own an equity interest in TMPA.

TMPA, a municipal corporation, is governed by a Board of Directors consisting of eight members. The governing body of each of the four Cities appoints two members to the Board. An affirmative vote of five Directors, plus a weighted majority vote based on the respective energy usage of the Cities, is required for major decisions.

TMPA is excluded from this report because it is a separate entity which is governed by a separate board of directors. Financial statements for TMPA are available from TMPA or through the City of Garland's Finance Department.

11. FUEL CONTRACT

Effective October 1, 2000, the City entered into a contract with Phillips Gas Marketing Company (Phillips), which extends through January 1, 2004, for the purpose of providing a non-curtable source of natural gas for the City's electric utility. Under the terms of the contract the City agrees to purchase 2.754 million MMBtu annually. All of the gas purchased will be used by the City to generate electric energy.

12. BONDS AUTHORIZED BUT UNISSUED

At September 30, 2000, the City has authorized but not issued general obligation bonds in the amount of \$89,671,586 as follows:

	Balance at October 1, 1999	Issued	Balance at September 30, 2000
Streets Improvements	\$ 57,748,500	1,955,000	55,793,500
Park Improvements	12,093,000	4,799,000	7,294,000
Drainage Improvements	8,215,000	1,855,000	6,360,000
Municipal Facilities	730,000	366,000	364,000
Library Improvements	2,924,000	1,845,000	1,079,000
Public Safety	18,781,086	--	18,781,086
	\$ 100,491,586	10,820,000	89,671,586

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Authorized but unissued revenue bonds in the amount of \$2,093,000 are available for future issue as follows:

		Balance at October 1, 1999	Authorized	Issued	Balance at September 30, 2000
Electric	\$	1,917,000	--	--	1,917,000
Water		1,000	--	--	1,000
Sewer		175,000	--	--	175,000
	\$	<u>2,093,000</u>	<u>--</u>	<u>--</u>	<u>2,093,000</u>

13. SEGMENTS OF ENTERPRISE ACTIVITIES

The City maintains eight Enterprise Funds. Utility services are provided by the Electric, Water, Sewer and Sanitation Funds. The Golf Fund provides a 36-hole golf facility. The Heliport Fund provides helicopter landing and fuel services. The Storm Water Management Fund manages storm water drainage improvement projects and the Parks Performance Fund provides recreation activities.

Segment information as of and for the year ended September 30, 2000, is as follows (amounts in thousands):

	Electric Fund	Water Fund	Sewer Fund	Golf Fund	Heliport Fund	Storm Water Management Fund	Parks Performance Fund	Sanitation Fund	Total
Operating revenues	\$ 181,921	22,289	21,468	1,766	6	2,976	464	11,205	242,095
Operating income									
before depreciation	21,247	5,189	10,142	29	5	468	23	1,813	38,916
Depreciation	8,515	3,081	6,315	162	39	200	16	866	19,194
Operating income (loss)	12,732	2,109	3,827	(133)	(34)	268	6	947	19,722
Transfer from (to) other funds	(142)	(1,035)	(486)	(12)	-	(9)	-	(121)	(1,805)
Net income (loss)	16,808	1,145	2,517	(269)	(29)	324	19	836	21,351
Current capital contributions									
Other (note 7)	-	1,219	784	-	-	-	-	-	2,003
Property, plant and equipment									
Additions	15,969	3,308	8,366	5,752	-	171	6	822	34,394
Deletions	349	42	296	8	-	103	-	972	1,770
Net working capital	79,162	10,593	3,485	(1,080)	89	1,174	181	1,608	95,212
Total assets	320,840	95,787	167,290	20,554	2,274	2,074	236	7,627	616,682
Bonds payable - excluding									
current portion	67,791	16,204	41,654	10,551	-	-	-	2,432	138,632
Total equity	234,721	75,871	119,487	8,828	2,274	1,969	224	4,045	447,419

CITY OF GARLAND, TEXAS

14. LONG-TERM DEBT

General Obligation Bonds, Certificates of Obligation, and Advances from other funds other than those applicable to Proprietary Fund operations, are reflected in the General Long-Term Debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. The City intends to retire all general long-term debt, plus interest, from ad valorem taxes and other current revenues. Revenue Bonds, applicable Certificates of Obligation and applicable General Obligation Bonds are reflected in the appropriate Proprietary Fund operation. Current requirements for principal and interest expenses are accounted for in the appropriate Proprietary Fund operation. The revenue bonds issued by the City's Utility System are payable as to both principal and interest solely from, and are secured by a lien on, and pledge of, the revenues of those combined systems, after deduction of reasonable operation and maintenance expenses. The ordinances authorizing the Utility System revenue bonds stipulate that the City will deposit, in addition to current principal and interest requirements, certain amounts as a restricted asset. Deposits in such reserve funds at September 30, 2000, are adequate to meet the various debt service requirements of the bond ordinances.

Certificates of obligation and General Obligation Bonds applicable to Proprietary Fund operations are reflected in the appropriate Enterprise and Internal Service Funds and current requirements for principal and interest expenses are accounted for in the applicable fund. These requirements will be met by current revenues.

General Obligation and Certificate of Obligation Bond issues for the year are as follows:

<u>Issue</u>	<u>\$ Principal</u>	<u>Net Interest Cost</u>
General Obligation Bonds, Series 2000	10,820,000	5.740%
Certificates of Obligation, Series 2000	63,950,000	5.661%

In prior years, the City defeased certain General Obligation Bonds, Certificates of Obligation and Utility System Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's combined financial statements. At September 30, 2000, \$28,340,000 of General Obligation Bonds, \$13,515,000 of Certificates of Obligation all of which are considered defeased, are still outstanding.

The annual requirements to amortize outstanding debt and advances from other funds as of September 30, 2000, including interest payments of \$136,509,305 are summarized in the table below. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable, and have not been included.

Years Ending September 30	General Long-Term Debt			Proprietary Fund Types		Advance From Other Funds
	General Obligation	Certificates Of Obligation	Revenue	Certificates of Obligation	General Obligation	
2001	\$ 18,258,561	3,393,776	8,307,913	10,339,900	2,791,386	559,174
2002	17,344,670	3,442,605	6,924,043	10,059,441	2,650,809	565,078
2003	14,251,155	3,177,872	6,310,093	9,851,101	2,677,473	-
2004	12,335,079	2,871,027	886,555	9,906,613	2,935,441	-
2005	10,744,993	2,728,444	342,676	9,675,908	2,900,789	-
2006-2027	99,298,401	18,513,897	855,863	123,025,739	17,553,512	-
	172,232,859	34,127,621	23,627,143	172,858,702	31,509,411	1,124,252
Less interest	51,407,842	9,208,609	2,232,144	64,977,718	8,606,240	76,752
	<u>\$ 120,825,017</u>	<u>24,919,012</u>	<u>21,394,999</u>	<u>107,880,984</u>	<u>22,903,170</u>	<u>1,047,500</u>

CITY OF GARLAND, TEXAS

The table below summarizes long-term debt and advance from other fund transactions, including current portion, for the year ended September 30, 2000.

	Balance at October 1, 1999	Increased	Retired	Balance at September 30, 2000
<u>General Long-Term Debt</u>				
General obligation bonds	\$ 119,991,513	10,820,000	9,986,496	120,825,017
Certificates of obligation	21,840,050	5,075,747	1,996,785	24,919,012
Landfill post closure cost	4,451,567	645,547	-	5,097,114
Advance from other funds	71,000	-	71,000	-
Compensated absences	12,232,406	-	387,505	11,844,901
	<u>158,586,536</u>	<u>16,541,294</u>	<u>12,441,786</u>	<u>162,686,044</u>
<u>Proprietary Fund Types</u>				
Utility System revenue bonds,	28,794,999	-	7,400,000	21,394,999
General obligation bonds	24,485,115	-	1,581,945	22,903,170
Certificates of obligation	51,699,952	58,874,253	2,693,221	107,880,984
Advance from other funds	1,532,750	-	485,250	1,047,500
Compensated absences	1,761,159	-	16,595	1,744,564
	<u>108,273,975</u>	<u>58,874,253</u>	<u>12,177,011</u>	<u>154,971,217</u>
Total long-term debt	<u>\$ 266,860,511</u>	<u>75,714,436</u>	<u>24,618,797</u>	<u>317,956,150</u>

15. OTHER COMMITMENTS AND AGREEMENTS

The City's arbitrage rebate liability at September 30, 2000, as defined in Section 148 (f) (2) of the Internal Revenue Code of 1986, is \$684,298 and is reported on the Combined Balance Sheet in Due to Other Governments. The arbitrage rebate liability is related to debt issued to finance governmental capital projects.

The estimated cost to complete construction contracts outstanding at September 30, 2000, is \$9,914,816.

16. DEFERRED COMPENSATION PLAN

The City offers its employees three deferred compensation plans created in accordance with Internal Revenue Code Section 457. The Plans are administered by the Internal City Management Association Retirement Corporation (ICMARC), Hartford Variable Annuity Life Insurance Company and Variable Annuity Life Insurance Company (VALIC). The plans, available to all permanent City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

At October 1, 1998, as a result of legislative changes, all amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property and rights of the City subject only to the claims of the City's general creditors. Therefore, the Deferred Compensation Investments are no longer reported in the City's financial statements.

CITY OF GARLAND, TEXAS

17. COMPONENT UNIT INFORMATION

Financial information for the discretely presented component units as of September 30, 2000 are as follows:

Balance Sheets	Garland Housing Finance Corporation	Garland Health Facilities Development Corporation	Garland Economic Development Corporation	Total
Assets:				
Cash and cash equivalents	\$ 2,789,330	111,192	76,438	2,976,960
Accounts receivable	39,580	25,430	7,800	72,810
Accrued interest receivable	--	520	--	520
Prepays and other assets	120,958	--	--	120,958
Restricted Cash	2,152,417	--	--	2,152,417
Property, plant and equipment, net of accumulated depreciation	9,637,530	502,641	--	10,140,171
Total assets	<u>14,739,815</u>	<u>639,783</u>	<u>84,238</u>	<u>15,463,836</u>
Liabilities and Equity				
Accounts Payable and accrued liabilities	363,351	--	--	363,351
Due to primary government	67,099	--	--	67,099
Tenant Security Deposits	196,625	--	--	196,625
Deferred Revenue	23,072	--	--	23,072
Total Liabilities	<u>650,147</u>	<u>--</u>	<u>--</u>	<u>650,147</u>
Equity				
Contributed Capital	9,220,083	99,000	--	9,319,083
Retained earnings :				
Unreserved	4,869,585	540,783	84,238	5,494,606
Total Equity	<u>14,089,668</u>	<u>639,783</u>	<u>84,238</u>	<u>14,813,689</u>
Total Liabilities and Equity	<u>\$ 14,739,815</u>	<u>639,783</u>	<u>84,238</u>	<u>15,463,836</u>

CITY OF GARLAND, TEXAS

Statements of Revenues, Expenses, and Changes in Retained Earnings

	Garland Housing Finance Corporation	Garland Health Facilities Development Corporation	Garland Economic Development Corporation	Total
Operating revenues:				
Charges for services	\$ -	25,430	14,266	39,696
Rental income	4,722,042	-	-	4,722,042
Other	924,386	-	-	924,386
Total operating revenues	5,646,428	25,430	14,266	5,686,124
Operating expenses before depreciation:				
Operations	4,296,865	1,950	1,950	4,300,765
Total operating expenses before depreciation	4,296,865	1,950	1,950	4,300,765
Operating income before depreciation	1,349,563	23,480	12,316	1,385,359
Depreciation expense	461,922	-	-	461,922
Operating income	887,641	23,480	12,316	923,437
Nonoperating revenues (expenses):				
Earnings on investments	44,530	4,169	-	48,699
Mortgage revenue bond fees	-	-	-	-
Other	-	-	-	-
Total nonoperating revenues (expenses)	44,530	4,169	-	48,699
Net income (loss)	932,171	27,649	12,316	972,136
Add back depreciation on contributed assets	230,000	-	-	230,000
Retained earnings, beginning of year	3,707,414	513,134	71,922	4,292,470
Prior period adjustment	-	-	-	-
Retained earnings, end of year	\$ 4,869,585	540,783	84,238	5,494,606

CITY OF GARLAND, TEXAS

Statement of Cash Flows

	Garland Housing Finance Corporation	Garland Health Facilities Development Corporation	Garland Economic Development Corporation	Total
Cash flows from operating activities:				
Cash received from customers	\$ 4,714,757	25,430	20,732	4,760,919
Cash received from customer deposits	12,197	-	-	12,197
Cash payment to affiliate	(30,912)	-	-	(30,912)
Cash payments to suppliers for goods and services	(4,210,655)	(1,950)	(1,950)	(4,214,555)
Other operating revenues (payments)	947,361	-	-	947,361
Net cash provided by operating activities	<u>1,432,748</u>	<u>23,480</u>	<u>18,782</u>	<u>1,475,010</u>
Cash flows from noncapital financing activities:				
Cash from municipal financing activity – Payment from affiliate	-	-	-	-
Net cash provided (used) for non capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	<u>(67,277)</u>	<u>(8,204)</u>	<u>-</u>	<u>(75,481)</u>
Net cash provided for capital and related financing activities	<u>(67,277)</u>	<u>(8,204)</u>	<u>-</u>	<u>(75,481)</u>
Cash flows from investing activities:				
Earnings on investments	44,530	4,036	-	48,566
Mortgage revenue bond fees	-	-	-	-
Net cash provided (used) by investing activities	<u>44,530</u>	<u>4,036</u>	<u>-</u>	<u>48,566</u>
Net increase (decrease) in cash and cash equivalents	1,410,001	19,312	18,782	1,448,095
Cash and cash equivalents at beginning of year	3,531,746	91,880	57,656	3,681,282
Cash and cash equivalents at end of year	<u>\$ 4,941,747</u>	<u>111,192</u>	<u>76,438</u>	<u>5,129,377</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 887,641	27,650	12,316	927,607
Adjustments to reconcile operating income to net cash provided by operating activities:				
Write-off of capital assets	-	-	-	-
Depreciation	461,922	-	-	461,922
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	22,975	(4,304)	6,466	25,137
Decrease (increase) in prepaid expenses	4,800	-	-	4,800
Decrease (increase) in accounts payable	81,410	-	-	81,410
Increase (decrease) in customer deposits	12,197	-	-	12,197
Increase (decrease) in deferred revenue	(7,285)	-	-	(7,285)
Decrease (increase) in due to affiliate	<u>(30,912)</u>	<u>-</u>	<u>-</u>	<u>(30,912)</u>
Total adjustments	<u>545,107</u>	<u>(4,304)</u>	<u>6,466</u>	<u>547,269</u>
Net cash provided by operating activities	<u>\$ 1,432,748</u>	<u>23,346</u>	<u>18,782</u>	<u>1,474,876</u>

CITY OF GARLAND, TEXAS

Conduit Debt

Each component unit was created to issue revenue bonds to provide financial assistance to qualified homeowners and businesses. As of September 30, 2000, there were seven series of outstanding bonds with an aggregate principal amount payable of \$56,105,000. Even though the bonds are outstanding, there is no liability to the City or the component unit (no commitment debt), as all liability transfers to the trustee of the bond issue.

A summary of outstanding conduit bonds by component unit at September 30, 2000, is as follows:

Series	Garland Housing Finance Corporation	Garland Health Facilities Development Corporation	Garland Economic Development Corporation	Total
1984 \$	-	-	9,500,000	9,500,000
1985	-	-	800,000	800,000
1994	3,275,000	-	-	3,275,000
1995	-	-	3,966,110	3,966,110
1997	-	25,430,000	-	25,430,000
1998	15,866,443	-	-	15,866,443
2000	7,201,026	-	-	7,201,026
Total	<u>\$ 26,342,469</u>	<u>25,430,000</u>	<u>14,266,110</u>	<u>66,038,579</u>

18. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, except for the Debt Service Fund and Revenue Bond Reserve and Retirement. Each fund type's portion of this pool is reported on the Combined Balance Sheet as "Cash and cash equivalents", and "Investments." The deposits and investments of the Debt Service Fund are held separately in accounts under the control of the City and are also reported on the Combined Balance Sheet as "Cash and cash equivalents", and "Investments."

The investment policies of the City are governed by State statutes and a City Council adopted Statement of Investment Policy. Major provisions of the City's investment policy include: statement of investment objectives, authorized investment instruments, statement of internal controls, safekeeping and custodial procedures, statement of risk tolerance, bank and security dealer selection and retention procedures, and investment reporting procedures.

Deposits - At year-end, the carrying amount of the City's deposits was \$(10,713,164) and the bank balance was \$1,420,511. This bank balance was completely covered by federal depository insurance or by collateral held by the City's safekeeping agent in the City's name.

Investments - Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, obligations of the State of Texas and related agencies, obligations of states, agencies, counties, cities and other political subdivisions of any state rated A or above by Standard & Poor's Corporation or Moody's Investors Service, certificates of deposit issued by state and national banks domiciled in Texas, fully collateralized direct repurchase agreements, reverse repurchase agreements, and commercial paper. The investments reported at September 30, 2000, are similar to those held during the fiscal year.

CITY OF GARLAND, TEXAS

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market price at September 30, 2000, to be the fair value of investments. The fair value at the position in TexPool and Logic is the same as the value of the pool shares.

The City's investments are categorized in order to give an indication of the level of risk assumed by the entity at year-end. At September 30, 2000, all investments were classified in Category 1, which includes investments that are insured and registered. All investment securities were held by the City or by its agent in the City's name. The Comptroller maintains oversight of the services provided to TexPool by Chase Bank of Texas National Association and First Southwest Asset Management, Inc. ("Chase Bank of Texas and First Southwest"). In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days.

	Category 1	Carrying \ Fair Value
U.S. Government securities	\$ 249,319,196	249,319,196
Commercial Paper	19,652,915	19,652,915
TEXPOOL (uncategorized)	-	22,879,176
LOGIC Pooled Investment Trust (uncategorized)	-	2,369,392
Total investments	<u>\$ 268,972,111</u>	<u>294,220,679</u>

Investments which mature within three months or less of the date purchased are included as cash equivalents on the balance sheet and statement of cash flows.

At September 30, 2000, GHFC's bank balance totaled \$4,941,747. All of which but \$544,330 was covered by Federal Depository Insurance or collateralized.

At September 30, 2000, GHFDC's bank balances totaled \$111,192. All of which was covered by Federal Depository Insurance or collateralized.

At September 30, 2000, GEDA's bank balances totaled \$76,438. This bank balance was completely covered by federal depository insurance.

CITY OF GARLAND, TEXAS

19. LANDFILL CLOSURE AND POSTCLOSURE CARE COST

Effective for the fiscal year ended September 30, 1994, the City implemented Statement of Governmental Accounting Standards No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs" which established the requirements for accounting recognition of the landfill closure and postclosure care costs to be paid at or near the date of landfill closure. As of September 30, 2000, the total estimated landfill closure/postclosure cost for the City's Castle Drive landfill, Raney landfill and transfer station is \$6,951,533, \$24,107,864 and \$20,489 respectively. The \$5,097,114 reported in the General Long-Term Debt Account Group as landfill closure and postclosure care liability represents the cumulative amount reported to date based on the use of 95 percent of the estimated capacity of the Castle landfill, zero percent use of the Raney landfill, 100 percent of the closure cost for the transfer station, less expenditures to date of \$335,030, and less \$1,194,303 for the landfill closure cost liability carried in the Landfill Closure Fund which is a Special Revenue Fund. The City will recognize the remaining estimated closure and postclosure care costs of \$24,453,440 as the percentage of capacity depletion increases. These amounts are based on an engineering study performed in 1996 which estimated cost to perform all closure and postclosure care. In addition, the closure and postclosure care cost were adjusted for inflation annually based on the most recent Implicit Price Deflator for Gross National Product published by the United States Department of Commerce. Actual cost may differ from the estimate due to inflation, changes in technology, or regulatory changes. Based on current capacity the remaining Castle landfill life is estimated to last until October, 2001.

Since the City's Landfill operation is a general government function, a special revenue fund was established to account for actual landfill closure and postclosure care funding sources and expenditures as they are incurred. The landfill closure cost liability of \$1,194,303 reported for the Landfill Closure Fund represents the amount expected to be paid from available resources to close the landfill. Expenditures to date of \$227,805 were paid for landfill closure projects. Based on the City's current landfill closure financial strategy, \$2.78 million in Certificates of Obligation will be issued to finance the one time closure cost and the on-going post closure care will be paid from operating funds.

20. RELATED PARTY TRANSACTIONS

The City has paid certain legal and professional fees amounting to \$67,075 on behalf of GHFC relating to the acquisition of the Villages of Eastgate apartment complex from HUD. This transaction is reported as due from component unit for the City and as due to primary government for GHFC.

21. CONTINGENT LIABILITIES

The U.S. Department of Justice has filed a lawsuit against the City claiming discrimination in the hiring practices of the Police and Fire Departments. The City Attorney and City management are of the opinion that the City is in compliance with all applicable state and federal laws regarding the hiring of civil service employees within the Police and Fire Departments.

In addition to the lawsuits listed above, the City has been named as a defendant or co-defendant in a number of personal injury cases. While the outcome of these cases is not known at this time, the City attorney and City management are of the opinion that any awards to injured parties which must be paid in excess of amounts covered by insurance will not be material to the financial position of the City.

A number of other claims against the City, as well as certain other matters of litigation, are pending with respect to various matters arising in the normal course of the City's operations. The City attorney and City management are of the opinion that the settlement of these other claims and pending litigation will not have a material adverse impact on the City's financial position.

The City participates in a number of State and Federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

GHFC participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, GHFC's compliance with applicable grant or contract requirements will be established at some future date. The amount, if any, of revenues which may be disallowed by the granting agencies cannot be determined at this time, and accordingly, no accrual has been made for them, as management believes this to be immaterial. Additionally, in the event that federal revenues are reduced, the impact on GHFC cannot be determined.

**Combining, Individual Fund
and Account Group
Financial Statements and Schedules**

General Fund

The General Fund is used to account for all financial resources traditionally associated with general government except those required to be accounted for in another fund.

CITY OF GARLAND, TEXAS

Balance Sheets

General Fund

September 30, 2000

With comparative balances as of September 30, 1999

	<u>2000</u>	<u>1999</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,299,386	4,584,791
Investments	15,603,771	10,030,549
Receivables, net of allowance for uncollectibles:		
Accounts	5,552,806	4,970,403
Taxes	403,590	366,150
Accrued interest	293,848	193,846
Due from other funds	4,167	769,587
Due from other governments	-	56,202
Total assets	\$ 24,157,568	20,971,528
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 5,958,861	5,033,322
Deferred revenues	3,366,854	1,783,967
Total liabilities	9,325,715	6,817,289
Fund balances:		
Unreserved	14,831,853	14,154,239
Total fund balance	14,831,853	14,154,239
Total liabilities and fund balance	\$ 24,157,568	20,971,528

CITY OF GARLAND, TEXAS

A-2

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund

Year Ended September 30, 2000

With comparative totals for year ended September 30, 1999

	2000			1999
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 45,877,708	46,238,520	360,812	43,406,301
Franchise fees	6,117,350	6,248,115	130,765	6,150,311
Service charges	10,809,989	11,207,515	397,526	11,961,917
Licenses and permits	1,493,736	1,510,857	17,121	1,603,990
Earnings on investments	1,128,000	1,321,639	193,639	1,164,771
Intergovernmental	281,332	334,126	52,794	327,382
Intragovernmental	17,836,174	19,174,705	1,338,531	17,190,353
Fines and forfeits	4,173,952	4,036,751	(137,201)	3,765,551
Rents and concessions	517,865	544,290	26,425	500,003
Total revenues	88,236,106	90,616,518	2,380,412	86,070,579
Expenditures:				
Current:				
General government	7,244,127	7,011,395	232,732	6,779,219
Public safety	46,935,884	48,246,794	(1,310,910)	46,142,166
Public works	6,153,514	5,848,079	305,435	5,756,813
Culture and recreation	9,775,751	9,619,379	156,372	9,264,169
Public health	1,861,506	2,076,463	(214,957)	1,898,471
Nondepartmental	12,339,294	10,741,459	1,597,835	9,594,409
Total expenditures	84,310,076	83,543,569	766,507	79,435,247
Excess of revenues over expenditures	3,926,030	7,072,949	3,146,919	6,635,332
Other financing sources (uses):				
Operating transfers out	(6,257,433)	(6,395,335)	(137,902)	(7,486,319)
Total other financing sources (uses)	(6,257,433)	(6,395,335)	(137,902)	(7,486,319)
Excess of revenues and other sources over expenditures and other uses	(2,331,403)	677,614	3,009,017	(850,987)
Fund balances, beginning of year	14,154,239	14,154,239	-	15,005,226
Fund balances, end of year	\$ 11,822,836	14,831,853	3,009,017	14,154,239

CITY OF GARLAND, TEXAS

A-3

Schedule of Revenues - Budget and Actual
General Fund
Year ended September 30, 2000
With comparative totals for year ended September 30, 1999

	2000			1999
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Taxes:				
General property taxes	\$ 27,427,555	27,803,412	375,857	26,465,820
Sales tax	18,285,153	18,263,423	(21,730)	16,787,163
Bingo tax	70,000	69,994	(6)	66,836
Mixed drink tax	95,000	101,691	6,691	86,482
Total Taxes	45,877,708	46,238,520	360,812	43,406,301
Franchise fees	6,117,350	6,248,115	130,765	6,150,311
Service charges:				
Sanitation service	5,918,009	6,321,614	403,605	6,297,859
Ambulance	1,130,258	1,147,683	17,425	1,074,404
Police services	886,000	888,418	2,418	804,916
Impounded vehicle	311,000	343,587	32,587	360,071
E-911	1,359,482	1,522,377	162,895	1,281,137
False alarm	55,040	59,448	4,408	56,381
Public health	91,300	84,384	(6,916)	64,608
Swimming pool	317,000	364,398	47,398	312,885
Mowing liens	87,600	127,047	39,447	289,955
Salvage revenue	277,346	320,441	43,095	313,655
Other	376,954	28,118	(348,836)	1,106,046
Total Service charges	10,809,989	11,207,515	397,526	11,961,917
Licenses and Permits:				
Rezoning fee	65,200	68,084	2,884	85,511
Building permits	564,736	486,731	(78,005)	618,212
Other permits and licenses	464,200	542,097	77,897	468,721
Electric and plumbing	118,000	125,645	7,645	142,345
Signs permits	48,300	53,630	5,330	59,170
Oversized permit	-	200	200	350
Animal license	32,000	34,357	2,357	32,812
Pound	88,300	88,805	505	87,328
Inspection Fees	113,000	111,308	(1,692)	109,541
Total Licenses and Permits	1,493,736	1,510,857	17,121	1,603,990

A-3, continued

CITY OF GARLAND, TEXAS

Schedule of Revenues - Budget and Actual

General Fund

Year ended September 30, 2000

With comparative totals for year ended September 30, 1999

	2000			1999
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Earnings on investments	<u>1,128,000</u>	<u>1,321,639</u>	<u>193,639</u>	<u>1,164,771</u>
Intergovernmental:				
Federal grants	-	191,649	191,649	151,632
State and other grants	<u>281,332</u>	<u>142,477</u>	<u>(138,855)</u>	<u>175,750</u>
Total Intergovernmental	<u>281,332</u>	<u>334,126</u>	<u>52,794</u>	<u>327,382</u>
Intragovernmental:				
Lieu of property and franchise taxes	12,522,668	13,857,277	1,334,609	12,156,935
General and administrative (net)	5,200,763	5,200,763	-	4,914,990
Indirect costs	<u>112,743</u>	<u>116,665</u>	<u>3,922</u>	<u>118,428</u>
Total Intragovernmental	<u>17,836,174</u>	<u>19,174,705</u>	<u>1,338,531</u>	<u>17,190,353</u>
Fines and Forfeits:				
Municipal court	4,087,243	3,950,536	(136,707)	3,682,971
Library fines	<u>86,709</u>	<u>86,215</u>	<u>(494)</u>	<u>82,580</u>
Total Fines and Forfeits	<u>4,173,952</u>	<u>4,036,751</u>	<u>(137,201)</u>	<u>3,765,551</u>
Rents and Concessions:				
Surf and swim concessions	132,000	141,925	9,925	114,600
Park concession	33,800	30,793	(3,007)	34,205
Other Rentals	240,565	244,971	4,406	240,283
Performing arts center rental	101,000	119,365	18,365	100,824
Pace house rental	<u>10,500</u>	<u>7,236</u>	<u>(3,264)</u>	<u>10,091</u>
Total Rents and Concessions	<u>517,865</u>	<u>544,290</u>	<u>26,425</u>	<u>500,003</u>
Total Revenues	<u>\$ 88,236,106</u>	<u>90,616,518</u>	<u>2,380,412</u>	<u>86,070,579</u>

CITY OF GARLAND, TEXAS

A-4

Schedule of Expenditures - Budget and Actual

General Fund

Year ended September 30, 2000

With comparative totals for year ended September 30, 1999

	<u>2000</u>		<u>1999</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
			<u>Actual</u>
General Government:			
Administration	\$ 1,114,807	987,381	127,426
City Attorney	1,009,620	1,022,334	(12,714)
Personnel	873,259	829,004	44,255
Internal Audit	339,594	344,623	(5,029)
Financial Services	1,255,096	1,175,868	79,228
Budget and Research	508,876	480,913	27,963
Tax Collection	600,042	603,829	(3,787)
City Secretary	379,608	384,670	(5,062)
Purchasing	571,736	571,949	(213)
Community Relations	591,489	610,824	(19,335)
Total general government	<u>7,244,127</u>	<u>7,011,395</u>	<u>232,732</u>
Public Safety:			
Municipal Court	1,416,945	1,365,354	51,591
Fire	15,899,907	16,867,586	(967,679)
Police	26,948,726	27,553,430	(604,704)
Code Enforcement	1,188,909	1,177,961	10,948
Building Inspection	1,366,175	1,166,248	199,927
Emergency Management	115,222	116,215	(993)
Total public safety	<u>46,935,884</u>	<u>48,246,794</u>	<u>(1,310,910)</u>
Public Works:			
Engineering	1,066,587	878,509	188,078
Planning	726,725	745,565	(18,840)
Solid Waste Landfill	2,406,273	2,272,247	134,026
Transportation	1,953,929	1,951,758	2,171
Total public works	<u>6,153,514</u>	<u>5,848,079</u>	<u>305,435</u>
Culture and Recreation:			
Parks and Recreation	6,493,573	6,396,373	97,200
Library	3,282,178	3,223,006	59,172
Total culture and recreation	<u>9,775,751</u>	<u>9,619,379</u>	<u>156,372</u>
Public Health:			
Health	1,861,506	2,076,463	(214,957)
Total public health	<u>1,861,506</u>	<u>2,076,463</u>	<u>(214,957)</u>
Nondepartmental and insurance	12,339,294	10,741,459	1,597,835
Total Expenditures	<u>\$ 84,310,076</u>	<u>83,543,569</u>	<u>766,507</u>
			<u>79,435,247</u>

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted to expenditures for specific purposes.

Community Development Block Grant Fund - to account for Federal grant revenues provided through the Department of Housing and Urban Development for the development of environmental and economic opportunities, principally for persons of low and moderate income.

Housing Assistance Program Fund - to account for Federal revenues provided through the Department of Housing and Urban Development for housing assistance payments for low income tenants.

Neighborhood Services Fund – to account for Federal, state and local revenues to improve neighborhoods in low income areas.

Hotel/Motel Tax Fund - to account for the receipt of hotel/motel occupancy taxes.

Impact Fees Fund - to account for fees charged to develop property.

Infrastructure Repair Fund - to account for franchise fees transferred from the General Fund to maintain City streets and alley's.

Landfill Closure Fund - to account for landfill closure and postclosure care cost.

NETLS Fund - (Northeast Texas Library System) to account for federal grant revenues provided through the Department of Education for the development of library systems in the Northeast Texas area.

Police Training Grant - to account for grant funding of Police training.

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CITY OF GARLAND, TEXAS

B-1

Combining Balance Sheet
Special Revenue Funds
September 30, 2000
with comparative totals as of September 30, 1999

	September 30, 2000										1999
	Community Development Block Grant	Housing Assistance Program	Neighborhood Services	Hotel/ Motel Tax	Impact Fees	Infrastruc- ture Repair	Landfill Closure	NETLS	Police Training Grant	Total	Total
Assets											
Cash and cash equivalents	\$ -	-	190,168	-	849,831	502,537	158,971	-	293,041	1,994,548	3,156,054
Investments	-	-	1,291,973	-	5,790,362	3,424,054	1,083,155	-	-	11,589,544	5,813,165
Accrued interest receivable	-	2,858	16,002	-	75,010	22,688	14,217	-	350	131,125	79,410
Assessments receivable	-	-	-	-	-	354,685	148	-	-	354,833	361,895
Other accounts receivable	-	15,175	3,588	1,000	-	12,890	-	-	-	32,653	14,743
Due from other funds	-	-	7,218	-	-	-	-	-	-	7,218	1,197,218
Due from other governments	209,032	305,501	-	-	-	-	-	652,669	-	1,167,202	647,580
Due from affiliates	-	-	67,075	-	-	-	-	-	-	67,075	97,987
Prepaid items	-	549,543	-	-	-	-	-	-	-	549,543	366,357
Total assets	\$ 209,032	873,077	1,576,024	1,000	6,715,203	4,316,854	1,256,491	652,669	293,391	15,893,741	11,734,409
Liabilities and Fund Balances											
Accounts payable	\$ 28,372	321,697	141,707	7,521	5,713	512,140	3,522	17,515	28,686	1,066,873	876,331
Due to other funds	180,660	551,320	-	344,634	-	-	-	624,172	56,974	1,757,760	1,063,776
Deferred revenues	-	-	67,075	-	5,492,601	442,711	-	-	-	6,002,387	4,784,210
Due to other governments	-	-	-	-	-	-	236	10,982	-	11,218	4,382
Landfill closure	-	-	-	-	-	-	1,194,303	-	-	1,194,303	1,055,717
Total liabilities	209,032	873,017	208,782	352,155	5,498,314	954,851	1,198,061	652,669	85,660	10,032,541	7,784,416
Fund balances (deficit):											
Reserved for prepaid items	-	549,543	-	-	-	-	-	-	-	549,543	366,357
Unreserved - undesignated	-	(549,483)	1,367,242	(351,155)	1,216,889	3,362,003	58,430	-	207,731	5,311,657	3,583,636
Total fund balances (deficits)	-	60	1,367,242	(351,155)	1,216,889	3,362,003	58,430	-	207,731	5,861,200	3,949,993
Total liabilities and fund balances	\$ 209,032	873,077	1,576,024	1,000	6,715,203	4,316,854	1,256,491	652,669	293,391	15,893,741	11,734,409

CITY OF GARLAND, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Special Revenue Funds

For the period ended September 30, 2000

with comparative totals for the year ended September 30, 1999

	September 30, 2000										1999
	Community Development Block Grant	Housing Assistance Program	Neighborhood Services	Hotel/ Motel Tax	Impact Fees	Infrastruc- ture Repair	Landfill Closure	NETLS	Police Training Grant	Total	Total
Revenues:											
Occupancy taxes	\$ -	-	-	477,944	-	-	-	-	-	477,944	510,721
Earnings on investments	-	25,922	55,663	-	349,898	75,832	58,430	-	10,384	576,129	374,631
Intergovernmental	1,504,227	6,015,738	1,780,800	-	-	-	-	1,551,746	429,842	11,282,353	9,945,583
Assessments	-	-	-	-	-	-	-	-	-	-	364
Impact fees	-	-	-	-	-	-	-	-	-	-	380,000
Contributions	-	2,719	-	131,939	-	-	-	-	-	134,658	-
Program income	29,075	5,994	187,480	-	-	-	-	-	-	222,549	481,154
Special event income	-	-	-	956,352	-	-	-	-	-	956,352	634,099
Miscellaneous and other	46,603	541,807	269,896	5,495	-	88,005	-	1,597	-	953,403	922,895
Total revenues	1,579,905	6,592,180	2,293,839	1,571,730	349,898	163,837	58,430	1,553,343	440,226	14,603,388	13,249,447
Expenditures:											
Current:											
Operations	1,572,946	7,449,679	2,003,590	1,798,227	-	7,437,328	100,000	1,438,017	59,076	21,858,863	17,236,770
Capital outlay	6,959	10,825	3,945	-	-	599,931	-	115,326	194,418	931,404	555,904
Total expenditures	1,579,905	7,460,504	2,007,535	1,798,227	-	8,037,259	100,000	1,553,343	253,494	22,790,267	17,792,674
Excess (deficiency) of revenues over expenditures	-	(868,324)	286,304	(226,497)	349,898	(7,873,422)	(41,570)	-	186,732	(8,186,879)	(4,543,227)
Other financing sources (uses):											
Operating transfers in	-	-	227,244	-	-	9,801,381	100,000	-	-	10,128,625	5,799,053
Operating transfers out	-	-	-	(783)	-	(29,756)	-	-	-	(30,539)	(430,625)
Total other financing sources (uses)	-	-	227,244	(783)	-	9,771,625	100,000	-	-	10,098,086	5,368,428
Excess (deficiency) of revenues over expenditures and other uses	-	(868,324)	513,548	(227,280)	349,898	1,898,203	58,430	-	186,732	1,911,207	825,201
Fund balances (deficits), October 1, 1999	-	868,384	853,694	(123,875)	866,991	1,463,800	-	-	20,999	3,949,993	3,124,792
Fund balances (deficits), September 30, 2000	\$ -	60	1,367,242	(351,155)	1,216,889	3,362,003	58,430	-	207,731	5,861,200	3,949,993

CITY OF GARLAND, TEXAS

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget and Actual

Special Revenue Funds

For the period ended September 30, 2000

with comparative totals for the year ended September 30, 1999

	September 30, 2000									1999
	Hotel/Motel Tax			Infrastructure Repair			Total Special Revenue			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:										
Occupancy taxes	\$ 527,044	477,944	(49,100)	-	-	-	527,044	477,944	(49,100)	510,721
Earnings on investments	-	-	-	75,000	75,832	832	75,000	75,832	832	99,739
Assessments	-	-	-	10,000	-	(10,000)	10,000	-	(10,000)	364
Contributions	130,000	131,939	1,939	-	-	-	130,000	131,939	1,939	-
Special event income	995,000	956,352	(38,648)	-	-	-	995,000	956,352	(38,648)	634,099
Miscellaneous and other	6,500	5,495	(1,005)	66,000	88,005	22,005	72,500	93,500	21,000	210,981
Total revenues	1,658,544	1,571,730	(86,814)	151,000	163,837	12,837	1,809,544	1,735,567	(73,977)	1,455,904
Expenditures:										
Current:										
Operations	1,707,735	1,798,227	(90,492)	6,831,190	7,437,328	(606,138)	8,538,925	9,235,555	(696,630)	7,088,076
Capital	-	-	-	599,932	599,931	1	599,932	599,931	1	69,234
Total expenditures	1,707,735	1,798,227	(90,492)	7,431,122	8,037,259	(606,137)	9,138,857	9,835,486	(696,629)	7,157,310
Excess (deficiency) of revenues over expenditures	(49,191)	(226,497)	(177,306)	(7,280,122)	(7,873,422)	(593,300)	(7,329,313)	(8,099,919)	(770,606)	(5,701,406)
Other financing sources:										
Operating transfers in	-	-	-	9,801,381	9,801,381	-	9,801,381	9,801,381	-	5,534,101
Operating transfers out	(783)	(783)	-	(30,256)	(29,756)	500	(31,039)	(30,539)	500	(7,352)
Total other financing sources	(783)	(783)	-	9,771,125	9,771,625	500	9,770,342	9,770,842	500	5,526,749
Excess (deficiency) of revenues and other sources over expenditures and other uses	(49,974)	(227,280)	(177,306)	2,491,003	1,898,203	(592,800)	2,441,029	1,670,923	(770,106)	(174,657)
Fund balances (deficit), beginning of year	(123,875)	(123,875)	-	1,463,800	1,463,800	-	1,339,925	1,339,925	-	1,514,582
Fund balances (deficit), end of year	\$ (173,849)	(351,155)	(177,306)	3,954,803	3,362,003	(592,800)	3,780,954	3,010,848	(770,106)	1,339,925

Capital Projects Funds

The Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary type funds). The City has three Capital Projects Funds as follows:

Park Fund - to account for the cost of making improvements to and development of park sites within the City.

Streets and Drainage Fund - to account for the construction cost of street and drainage improvements within the City.

Building Fund - to account for the cost of construction improvements to the City facilities and buildings.

CITY OF GARLAND, TEXAS

C-1

Combining Balance Sheet

Capital Projects Funds

September 30, 2000

With comparative totals as of September 30, 1999

		2000				1999
		Parks	Streets and Drainage	Building	Total	Total
<u>Assets</u>						
Cash and cash equivalents	\$	1,056,836	2,059,209	4,888,355	8,004,400	16,493,875
Investments		7,200,820	14,030,519	23,140,111	44,371,450	34,261,384
Receivables:						
Accrued interest		97,595	211,838	312,333	621,766	481,151
Due from other governments		-	4,416,271	-	4,416,271	-
Total assets	\$	<u>8,355,251</u>	<u>20,717,837</u>	<u>28,340,799</u>	<u>57,413,887</u>	<u>51,236,410</u>
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Accounts payable	\$	451,370	638,390	1,542,212	2,631,972	1,003,898
Due to other funds		-	-	982,883	982,883	2,645,876
Deferred revenues		-	2,720,498	-	2,720,498	-
Due to other governments		40,764	205,240	184,094	430,098	9,134
Retainage payable		77,381	260,694	71,229	409,304	307,824
Total liabilities		<u>569,515</u>	<u>3,824,822</u>	<u>2,780,418</u>	<u>7,174,755</u>	<u>3,966,732</u>
Fund balances:						
Unreserved - designated for capital projects		<u>7,785,736</u>	<u>16,893,015</u>	<u>25,560,381</u>	<u>50,239,132</u>	<u>47,269,678</u>
Total fund balances		<u>7,785,736</u>	<u>16,893,015</u>	<u>25,560,381</u>	<u>50,239,132</u>	<u>47,269,678</u>
Total liabilities and fund balances	\$	<u>8,355,251</u>	<u>20,717,837</u>	<u>28,340,799</u>	<u>57,413,887</u>	<u>51,236,410</u>

CITY OF GARLAND, TEXAS

C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Capital Project Funds

For fiscal year ended September 30, 2000

With comparative totals for the year ended September 30, 1999

	2000				1999
	Parks	Streets and Drainage	Building	Total	Total
Revenues:					
Earnings on investments	\$ 403,905	1,137,852	1,670,054	3,211,811	1,908,558
Street assessments	-	49,962	-	49,962	57,979
Dart Contributions	-	1,695,772	-	1,695,772	-
Miscellaneous and other	3,000	393,535	58,000	454,535	566,743
Total revenues	406,905	3,277,121	1,728,054	5,412,080	2,533,280
Expenditures:					
Capital outlay	2,619,668	8,285,366	7,742,528	18,647,562	14,115,118
Total expenditures	2,619,668	8,285,366	7,742,528	18,647,562	14,115,118
Deficiency of revenues over expenditures	(2,212,763)	(5,008,245)	(6,014,474)	(13,235,482)	(11,581,838)
Other financing sources:					
Net proceeds of long-term debt	4,799,000	3,810,000	7,040,936	15,649,936	23,490,000
Operating transfers out	-	-	(100,000)	(100,000)	-
Operating transfers in	105,000	-	550,000	655,000	1,410,000
Total other financing sources	4,904,000	3,810,000	7,490,936	16,204,936	24,900,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,691,237	(1,198,245)	1,476,462	2,969,454	13,318,162
Fund balance, beginning of year	5,094,499	18,091,260	24,083,919	47,269,678	33,951,516
Fund balance, end of year	<u>\$ 7,785,736</u>	<u>16,893,015</u>	<u>25,560,381</u>	<u>50,239,132</u>	<u>47,269,678</u>

Enterprise Funds

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City is that costs of providing the goods or services to the general public on a continuing basis will be financed or recovered through user charges. The City has nine Enterprise Funds as follows:

Electric Fund - to account for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide electric service for the residents of the City.

Water Fund - to account for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide water service for the residents of the City.

Sewer Fund - to account for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide sewer services for the residents of the City.

Golf Fund - to account for the resources and expense associated with a public golf course, administered by a golf professional under the direct supervision of the City Manager.

Heliport Fund - to account for the resources and expenses associated with the operations of a heliport.

Storm Water Management Fund - to account for the resources and expenses associated with controlling the quality of storm water discharges into lakes and streams.

Parks Performance Fund - to account for the resources and expense associated with the operation of recreation activities that receive revenues from user fees.

Sanitation Fund - to account for the resources and expenses associated with the collection and recycling of residential and commercial waste.

CITY OF GARLAND, TEXAS

D-1

Combining Balance Sheet

Enterprise Funds

September 30, 2000

With comparative totals as of September 30, 1999

		2000								1999	
		Utility					Storm Water	Parks			
		Electric	Water	Sewer	Golf	Heliport	Management	Performance	Sanitation	Total	
Assets										Total	
Current assets:											
Cash and cash equivalents	\$	6,431,278	1,406,676	969,398	-	11,217	120,612	24,389	197,679	9,161,249	22,301,356
Investments		43,802,624	9,571,156	6,586,769	-	76,412	821,797	166,174	1,337,111	62,362,043	48,799,004
Accounts receivable net of allowance for uncollectible amounts		38,426,460	3,388,847	2,688,253	89,434	-	323,961	-	1,213,316	46,130,271	33,019,168
Accrued interest receivable		530,034	134,969	99,411	5,163	1,004	12,459	2,414	29,893	815,347	721,007
Due from other funds		1,947,968	100,000	-	-	-	-	-	10,005	2,057,973	1,397,327
Advance to other funds		3,272,048	-	320,000	-	-	-	-	-	3,592,048	5,266,369
Inventories		3,099,382	-	-	-	-	-	-	-	3,099,382	2,962,115
Total current assets		97,509,794	14,601,648	10,663,831	94,597	88,633	1,278,829	192,977	2,788,004	127,218,313	114,466,346
Restricted assets:											
Revenue bond retirement fund:											
Cash and cash equivalents		-	-	-	-	-	-	-	-	-	299,226
Investments		1,141,221	1,034,797	1,461,522	-	-	-	-	-	3,637,540	3,103,221
Total revenue bond retirement fund		1,141,221	1,034,797	1,461,522	-	-	-	-	-	3,637,540	3,402,447
Revenue bond reserve fund:											
Cash and cash equivalents		124,377	197,079	266,527	-	-	-	-	-	587,983	1,505,029
Investments		928,572	1,474,187	1,989,705	-	-	-	-	-	4,392,464	3,242,635
Accrued interest receivable		16,981	24,073	36,343	-	-	-	-	-	77,397	63,883
Total revenue bond reserve fund		1,069,930	1,695,339	2,292,575	-	-	-	-	-	5,057,844	4,811,547
Rate Mitigation:											
Cash and cash equivalents		616,001	-	-	-	-	-	-	-	616,001	3,194,428
Investments		34,876,281	-	-	-	-	-	-	-	34,876,281	20,381,786
Accrued interest		505,141	-	-	-	-	-	-	-	505,141	314,025
Total Rate Mitigation		35,997,423	-	-	-	-	-	-	-	35,997,423	23,890,239
Construction funds:											
Cash and cash equivalents		4,096,404	610,805	2,252,497	540,270	-	-	-	57,700	7,557,676	11,938,370
Investments		27,911,027	4,161,756	15,347,493	3,681,157	-	-	-	393,140	51,494,573	26,203,567
Accrued interest receivable		413,613	58,085	206,653	49,356	-	-	-	5,674	733,381	378,692
Total revenue bond construction funds		32,421,044	4,830,646	17,806,643	4,270,783	-	-	-	456,514	59,785,630	38,520,629
Total restricted assets		70,629,618	7,560,782	21,560,740	4,270,783	-	-	-	456,514	104,478,437	70,624,862
Property, plant, and equipment- at cost											
Land		390,398	238,471	311,813	5,376,882	1,538,974	-	-	298,936	8,155,474	8,155,474
System		248,573,449	118,789,196	209,495,637	3,416,050	956,383	2,079,224	108,361	9,549,410	592,967,710	583,686,833
Construction in progress		39,675,886	1,373,800	8,366,099	8,944,478	-	-	-	46,421	58,406,684	34,755,410
Less accumulated depreciation		(135,938,777)	(46,776,435)	(83,108,437)	(1,549,246)	(309,948)	(1,283,801)	(65,187)	(5,512,596)	(274,544,427)	(257,096,100)
Net property, plant and equipment		152,700,956	73,625,032	135,065,112	16,188,164	2,185,409	795,423	43,174	4,382,171	384,985,441	369,501,617
Total assets	\$	320,840,368	95,787,462	167,289,683	20,553,544	2,274,042	2,074,252	236,151	7,626,689	616,682,191	554,592,825

CITY OF GARLAND, TEXAS
Combining Balance Sheet, Continued
Enterprise Funds

D-1 Continued

	2000								1999
<u>Liabilities, Contributions, and Retained Earnings (Deficits)</u>	<u>Utility</u>					<u>Storm Water</u>	<u>Parks</u>		
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Golf</u>	<u>Helipoint</u>	<u>Management</u>	<u>Performance</u>	<u>Sanitation</u>	<u>Total</u>
Current liabilities									Total
Payable from current assets:									
Accounts payable	\$ 11,478,122	946,477	361,975	104,926	-	70,818	11,792	198,580	13,172,690
Retainage	107,327	-	133,735	219,281	-	-	-	-	460,343
Accrued interest payable :	-								
General obligation bonds	152	27,625	108,583	3,779	-	-	-	1,978	142,117
Certificates of obligation	1,286,699	53,034	240,431	192,617	-	-	-	19,172	1,791,953
General obligation bonds	186	28,897	1,371,258	14,093	-	-	-	241,538	1,655,972
Certificates of obligation	1,031,925	454,949	703,639	145,950	-	-	-	566,291	2,902,754
Due to other funds	11,385	-	-	15,208	-	-	-	-	26,593
Compensated absences	637,695	118,729	248,687	49,944	-	34,205	-	139,437	1,228,697
	14,553,491	1,629,711	3,168,308	745,798	-	105,023	11,792	1,166,996	21,381,119
Payable from restricted assets:									
Accounts payable	2,115,883	16,664	483,486	417,869	-	-	-	-	3,033,902
Due to other governments	156,990	23,381	40,637	10,640	-	-	-	12,407	244,055
Accrued interest payable - revenue bonds	14,960	37,323	54,881	-	-	-	-	-	107,164
Revenue bonds payable	1,506,735	2,301,816	3,431,449	-	-	-	-	-	7,240,000
	3,794,568	2,379,184	4,010,453	428,509	-	-	-	12,407	10,625,121
Total current liabilities	18,348,059	4,008,895	7,178,761	1,174,307	-	105,023	11,792	1,179,403	32,006,240
Other liabilities:									
Revenue bonds payable	1,252,491	5,212,371	7,690,137	-	-	-	-	-	14,154,999
Certificates of obligation	66,513,078	6,365,558	18,056,869	9,935,244	-	-	-	2,358,457	103,229,206
General obligation bonds	25,461	4,625,790	15,906,932	615,976	-	-	-	73,039	21,247,198
Unamortized bond issue cost	(19,907)	(295,377)	(1,029,717)	-	-	-	-	(29,275)	(1,374,276)
Total other liabilities	67,771,123	15,908,342	40,624,221	10,551,220	-	-	-	2,402,221	137,257,127
Total liabilities	86,119,182	19,917,237	47,802,982	11,725,527	-	105,023	11,792	3,581,624	169,263,367
Contributed capital									
Federal grants	-	428,554	25,892,139	-	1,907,622	-	-	-	28,228,315
Other	44,355	43,573,152	32,984,498	5,956,101	621,423	185,897	-	3,238,128	86,603,554
Total contributions	44,355	44,001,706	58,876,637	5,956,101	2,529,045	185,897	-	3,238,128	114,831,869
Retained Earnings (Deficits)									
Reserved for bond reserve fund	1,027,670	1,638,658	2,201,533	-	-	-	-	-	4,867,861
Unreserved	233,649,161	30,229,861	58,408,531	2,871,916	(255,003)	1,783,332	224,359	806,937	327,719,094
Total retained earnings (deficits)	234,676,831	31,868,519	60,610,064	2,871,916	(255,003)	1,783,332	224,359	806,937	332,586,955
Total liabilities, contributions, and retained earnings (deficits)	\$ 320,840,368	95,787,462	167,289,683	20,553,544	2,274,042	2,074,252	236,151	7,626,689	554,592,825

CITY OF GARLAND, TEXAS

D-2

Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficits)

Enterprise Funds

For the fiscal year ended September 30, 2000

With comparative totals for year ended September 30, 1999

	2000									1999
	Utility			Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total	Total
	Electric	Water	Sewer							
Operating revenues:										
Charges for services	\$ 181,076,206	22,259,790	21,377,707	1,764,623	6,000	2,935,569	463,494	11,147,048	241,030,437	216,801,091
Other	845,276	29,675	89,971	1,024	-	40,511	-	58,040	1,064,497	667,123
Total operating revenues	181,921,482	22,289,465	21,467,678	1,765,647	6,000	2,976,080	463,494	11,205,088	242,094,934	217,468,214
Operating expenses before depreciation										
Salaries and wages	12,221,112	1,853,286	4,074,215	1,061,237	-	1,206,197	117,245	3,225,774	23,759,066	22,283,196
Demand charges	46,772,255	-	-	-	-	-	-	-	46,772,255	49,319,590
Fuel purchases	70,015,995	-	-	-	-	-	-	-	70,015,995	51,461,680
Water purchases	-	9,301,355	-	-	-	-	-	-	9,301,355	9,198,305
Landfill fees	-	-	-	-	-	-	-	2,761,404	2,761,404	2,384,825
Maintenance, repairs, and supplies	11,608,678	1,510,260	3,668,193	543,423	-	1,039,706	301,124	2,773,453	21,444,837	20,423,295
Contractual services	-	-	-	-	-	-	-	-	-	17,246
Telecommunication services	178,094	42,596	42,118	-	-	-	-	-	262,808	203,712
Customer services	3,366,258	822,218	328,135	-	-	-	-	-	4,516,611	4,115,180
Warehouse operations	453,534	29,372	24,482	-	-	-	-	-	507,388	484,995
Data processing	856,004	654,039	71,382	-	-	-	-	-	1,581,425	1,410,949
Facilities management	137,852	549,373	101,620	-	-	-	-	-	788,845	706,669
Bad debt expense	748,199	79,365	81,195	-	-	-	-	76,489	985,248	1,043,975
Insurance and other expenses	3,446,012	347,587	247,606	-	-	-	-	222,945	4,264,150	2,985,362
Payments in lieu of taxes	9,305,970	1,794,473	2,622,035	-	-	-	-	-	13,722,478	12,041,092
General and administrative	1,872,844	394,615	824,228	131,939	1,254	262,539	21,908	331,683	3,841,010	3,704,193
Capitalized general and administrative	(307,982)	(278,419)	(759,557)	-	-	-	-	-	(1,345,958)	(685,062)
Total operating expenses before depreciation	160,674,825	17,100,120	11,325,652	1,736,599	1,254	2,508,442	440,277	9,391,748	203,178,917	181,099,202
Operating income before depreciation	21,246,657	5,189,345	10,142,026	29,048	4,746	467,638	23,217	1,813,340	38,916,017	36,369,012
Depreciation	8,515,080	3,080,780	6,314,772	162,323	38,743	199,671	16,490	865,985	19,193,844	18,542,853
Operating income (loss)	12,731,577	2,108,565	3,827,254	(133,275)	(33,997)	267,967	6,727	947,355	19,722,173	17,826,159
Nonoperating revenues (expenses)										
Earnings on investments:										
Current operations	5,192,306	752,815	614,041	93,898	5,081	64,827	11,791	182,204	6,916,963	3,628,494
Revenue bond retirement and reserve fund	117,195	159,065	240,565	-	-	-	-	-	516,825	387,706
Construction fund	1,435,032	289,257	982,444	156,958	-	-	-	39,968	2,903,659	1,814,871
Total earnings on investments	6,744,533	1,201,137	1,837,050	250,856	5,081	64,827	11,791	222,172	10,337,447	5,831,071
Interest expense:										
Revenue bonds	(230,140)	(526,412)	(773,417)	-	-	-	-	-	(1,529,969)	(1,974,360)
Certificates of obligation	(2,294,434)	(372,239)	(859,533)	(343,878)	-	-	-	(182,902)	(4,052,986)	(2,340,157)
General obligation bonds	(1,240)	(231,200)	(1,028,562)	(30,681)	-	-	-	(29,915)	(1,321,598)	(1,341,201)
Less: capitalized utility in service	-	-	-	-	-	-	-	-	-	212,670
Total interest expense	(2,525,814)	(1,129,851)	(2,661,512)	(374,559)	-	-	-	(212,817)	(6,904,553)	(5,443,048)
Income (loss) before operating transfers	16,950,296	2,179,851	3,002,792	(256,978)	(28,916)	332,794	18,518	956,710	23,155,067	18,214,182
Operating transfers:										
Transfers in from other funds	-	-	-	-	-	-	-	-	-	380,000
Transfers (out) to other funds	(142,380)	(1,034,819)	(485,870)	(12,433)	-	(8,614)	-	(120,732)	(1,804,848)	(185,816)
Net nonoperating revenues (expenses)	(142,380)	(1,034,819)	(485,870)	(12,433)	-	(8,614)	-	(120,732)	(1,804,848)	194,184
Net income (loss)	16,807,916	1,145,032	2,516,922	(269,411)	(28,916)	324,180	18,518	835,978	21,350,219	18,408,366
Retained earnings (deficit), beginning of year	217,868,915	30,723,487	58,093,142	3,141,327	(226,087)	1,459,152	205,841	(29,041)	311,236,736	292,828,370
Retained earnings (deficit), end of year	\$ 234,676,831	31,868,519	60,610,064	2,871,916	(255,003)	1,783,332	224,359	806,937	332,586,955	311,236,736

CITY OF GARLAND, TEXAS
Combining Statement of Cash Flows
Enterprise Funds

D-3

September 30, 2000

With comparative totals for year ended September 30, 1999

	2000									1999
	Electric	Utility Water	Sewer	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total	Total
Cash flows from operating activities:										
Cash received from customers	\$ 168,316,359	22,000,583	21,369,088	1,777,417	6,000	2,954,241	463,494	10,955,663	227,842,845	216,639,962
Cash payments to suppliers for goods and services	(133,878,320)	(12,636,416)	(4,680,038)	(890,798)	(1,254)	(1,391,940)	(435,322)	(6,127,881)	(160,041,969)	(154,523,218)
Cash payments to employees for services	(12,170,047)	(1,850,521)	(4,061,900)	(1,061,184)	-	(1,206,586)	-	(3,191,111)	(23,541,349)	(21,991,622)
Payment in lieu of taxes	(9,305,970)	(1,794,473)	(2,622,035)	-	-	-	-	-	(13,722,478)	(12,041,092)
Other operating revenues	845,276	29,675	89,971	1,024	-	40,511	-	58,040	1,064,497	663,673
Net cash provided by operating activities	13,807,298	5,748,848	10,095,086	(173,541)	4,746	396,226	28,172	1,694,711	31,601,546	28,747,703
Cash flows from non capital financing activities:										
Due to other funds (increase)	-	-	-	15,208	-	-	-	-	15,208	11,385
Due from other funds (increases)	(660,646)	-	-	-	-	-	-	-	(660,646)	(187,214)
Advance to other funds (decreases)	1,524,321	-	150,000	-	-	-	-	-	1,674,321	1,545,433
Due to other governments (decreases)	-	23,381	40,637	-	-	-	-	12,407	76,425	-
Transfers in	-	-	-	-	-	-	-	-	-	380,000
Transfers (out)	(142,380)	(1,034,820)	(485,870)	(12,433)	-	(8,614)	-	(120,732)	(1,804,849)	(185,816)
Net cash provided (used) by non capital financing activities	721,295	(1,011,439)	(295,233)	2,775	-	(8,614)	-	(108,325)	(699,541)	1,563,788
Cash flows from capital and related financing activities:										
Proceeds from sale of:										
Certificates of obligation	45,450,125	431,424	6,180,392	6,762,312	-	-	-	-	58,824,253	14,850,000
General Obligations	-	-	-	-	-	-	-	-	-	2,090,000
Acquisition and construction of capital assets	(32,424,513)	(3,266,035)	(8,341,779)	(5,857,947)	-	(171,740)	(6,727)	(821,276)	(50,890,017)	(29,888,344)
Principal paid on:										
Revenue bonds	(1,718,054)	(2,401,112)	(3,280,834)	-	-	-	-	-	(7,400,000)	(7,555,000)
Certificates of obligation	(613,153)	(404,910)	(596,409)	(118,850)	-	-	-	(675,306)	(2,408,628)	(3,906,166)
General obligation bonds	(605)	(590)	(1,332,241)	(9,000)	-	-	-	(239,509)	(1,581,945)	(1,323,136)
Interest paid on:										
Revenue bonds	(235,853)	(538,429)	(645,194)	-	-	-	-	-	(1,419,476)	(1,834,747)
Certificates of obligation	(1,284,317)	(385,084)	(745,699)	(172,978)	-	-	-	(193,750)	(2,781,828)	(2,494,370)
General obligation bonds	(1,243)	(226,262)	(1,036,056)	(30,745)	-	-	-	(31,285)	(1,325,591)	(1,289,310)
Proceeds from the sale of assets	-	-	-	-	-	-	-	-	-	4,461
Capital contributions from developers	-	1,218,708	784,456	-	-	-	-	-	2,003,164	3,275,846
Net cash provided (used) by capital and related financing activities	\$ 9,172,387	(5,572,290)	(9,013,364)	572,792	-	(171,740)	(6,727)	(1,961,126)	(6,980,068)	(28,070,766)

CITY OF GARLAND, TEXAS
Combining Statement of Cash Flows (Continued)
Enterprise Funds
September 30,2000

D-3, Continued

With comparative totals for year ended September 30, 1999

	2000								1999	
	Electric	Utility Water	Sewer	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total	Total
Cash flows from investing activities:										
Purchase of investment securities	\$ (63,338,747)	(7,891,157)	(12,248,573)	(2,856,964)	(40,346)	(543,871)	(93,693)	(1,142,003)	(88,155,354)	(92,901,592)
Proceeds from the sale and maturates of investment securities	20,948,400	4,315,433	5,407,022	1,631,206	17,750	180,828	36,565	889,490	33,426,694	67,951,518
Earnings on investments	6,204,913	1,136,262	1,623,776	244,096	4,601	58,945	10,479	208,151	9,491,223	7,172,746
Net cash provided (used) by investing activities	(36,185,434)	(2,439,462)	(5,217,775)	(981,662)	(17,995)	(304,098)	(46,649)	(44,362)	(45,237,437)	(17,777,328)
Net increase (decrease) in cash and cash equivalents	(12,484,454)	(3,274,343)	(4,431,286)	(579,636)	(13,249)	(88,226)	(25,204)	(419,102)	(21,315,500)	(15,536,603)
Cash and cash equivalents at beginning of year	23,752,514	5,488,903	7,919,708	1,119,906	24,466	208,838	49,593	674,481	39,238,409	54,775,012
Cash and cash equivalents at end of year	\$ 11,268,060	2,214,560	3,488,422	540,270	11,217	120,612	24,389	255,379	17,922,909	39,238,409
Reconciliation of operating income to net cash provided by operating activities:										
Operating income (loss)	\$ 12,731,577	2,108,566	3,827,254	(133,275)	(33,997)	267,967	6,727	947,355	19,722,174	17,826,159
Adjustments to reconcile operating income to net cash provided by operating activities:										
Depreciation	8,515,080	3,080,780	6,314,772	162,323	38,743	199,671	16,490	865,985	19,193,844	18,542,853
Gain on sale of assets	-	-	-	-	-	-	-	-	-	(3,450)
Provision for uncollectible accounts	(13,878)	(10,209)	(21,944)	-	-	-	-	76,489	30,458	169,944
Change in assets and liabilities:										
(Increase) decrease in accounts receivable	(12,745,969)	(248,998)	13,325	12,794	-	18,672	-	(191,385)	(13,141,561)	(248,869)
(Increase) decrease in inventory	(137,267)	-	-	-	-	-	-	-	(137,267)	(46,246)
Increase (decrease) in accounts payable	5,469,672	817,077	(30,877)	(205,169)	-	(89,695)	4,955	(5,398)	5,960,565	(7,589,742)
Increase (decrease) in compensated absences	(11,917)	1,632	(7,444)	(10,214)	-	(389)	-	1,665	(26,667)	97,054
Total adjustments	1,075,721	3,640,282	6,267,832	(40,266)	38,743	128,259	21,445	747,356	11,879,372	10,921,544
Net cash provided by operating activities	\$ 13,807,298	5,748,848	10,095,086	(173,541)	4,746	396,226	28,172	1,694,711	31,601,546	28,747,703
Non cash investing, capital and financing activities:										
Capitalized revenue bond interest	\$ -	-	-	-	-	-	-	-	-	212,670
Capitalized general & administrative expense	-	278,419	759,557	-	-	-	-	-	1,037,976	685,062
Contributions from developers	-	1,218,708	784,456	-	-	-	-	-	2,003,164	3,275,846

Internal Service Funds

Internal Service Funds account for the financing of goods or services and insurance premiums and claims provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis.

Group Health Fund - to account for an employee medical insurance plan which is administered by a third party. The City makes deposits to the fund each pay period for each employee covered by this medical insurance plan and payment of employees' medical claims are made from this fund.

Self Insurance Fund - to account for proceeds from other funds for the payment of claims and to provide a loss reserve for potential future major unanticipated claims.

LTD Insurance Fund - to account for proceeds from other funds and employees for the payment of Long-term Disability claims and to provide a loss reserve for potential future claims.

Print Shop Fund - to account for the cost of operating a centralized print shop, which performs printing and copying services, as well as interoffice mail delivery and other services, for City departments. Monthly charges are billed to departments to cover costs, including depreciation of furniture and equipment necessary to provide services.

Fleet Services Fund - to account for the cost of operating a centralized fleet maintenance garage, which performs repair and maintenance services for City vehicles.

Vehicle Replacement Fund - to account for the proceeds from other funds for the systematic replacement of City vehicles.

Information Technology Fund - to account for activities related to administration, operation and maintenance of the City's electronic data processing and communication systems.

Facilities Management Fund - to account for activities related to maintenance and management of City buildings and facilities.

Warehouse Fund - to account for the activities related to operation of the City's warehouse center for storage and distribution of supplies.

Customer Service Fund - to account for activities related to establishing accounts, meter reading, billing and collection of revenue, and responding to customer inquiries resulting from the day to day operations of City utilities.

CITY OF GARLAND, TEXAS

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Combining Balance Sheet
Internal Service Funds
September 30, 2000
With comparative totals as of September 30, 1999

	2000											1999
	Group Health	Self Insurance	LTD Insurance	Print Shop	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total	Total
<u>Assets</u>												
Current Assets:												
Cash and cash equivalents	\$ 93,660	439,240	65,315	29,615	29,045	502,677	654,395	45,297	6	741,845	2,601,095	6,931,091
Investments	638,158	2,992,781	445,030	201,783	197,213	3,425,016	4,458,750	308,630	-	5,026,149	17,693,510	15,180,045
Accrued interest receivable	5,031	29,060	5,530	2,576	1,913	62,863	58,595	4,428	8,079	66,240	244,315	199,989
Other receivables	-	-	-	-	-	-	-	-	-	141,796	141,796	-
Inventories at cost	-	-	-	-	327,852	-	-	-	3,322,447	-	3,650,299	4,536,105
Due from other funds	-	-	-	-	415,000	-	177,878	-	-	105,000	697,878	1,170,871
Total current assets	<u>736,849</u>	<u>3,461,081</u>	<u>515,875</u>	<u>233,974</u>	<u>971,023</u>	<u>3,990,556</u>	<u>5,349,618</u>	<u>358,355</u>	<u>3,330,532</u>	<u>6,081,030</u>	<u>25,028,893</u>	<u>28,018,101</u>
Restricted assets:												
Cash and cash equivalents	-	-	-	-	6,504	-	-	-	-	-	6,504	541
Investments	-	-	-	-	44,317	-	-	-	-	-	44,317	1,196
Accrued interest receivable	-	-	-	-	567	-	-	-	-	-	567	16
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,388</u>	<u>1,753</u>
Property plant and equipment												
System	-	47,631	-	288,187	1,905,963	13,037,889	12,512,841	361,712	80,003	352,887	28,587,113	22,568,409
Construction in progress	-	-	-	-	3,096	-	7,804	-	-	998	11,898	-
Less accumulated depreciation	-	(39,623)	-	(272,966)	(628,861)	(6,752,073)	(6,070,738)	(265,672)	(23,666)	(193,085)	(14,246,684)	(10,332,824)
Net property plant and equipment	<u>-</u>	<u>8,008</u>	<u>-</u>	<u>15,221</u>	<u>1,280,198</u>	<u>6,285,816</u>	<u>6,449,907</u>	<u>96,040</u>	<u>56,337</u>	<u>160,800</u>	<u>14,352,327</u>	<u>12,235,585</u>
Total assets	\$ <u>736,849</u>	\$ <u>3,469,089</u>	\$ <u>515,875</u>	\$ <u>249,195</u>	\$ <u>2,302,609</u>	\$ <u>10,276,372</u>	\$ <u>11,799,525</u>	\$ <u>454,395</u>	\$ <u>3,386,869</u>	\$ <u>6,241,830</u>	\$ <u>39,432,608</u>	\$ <u>40,255,439</u>
<u>Liabilities and Equity</u>												
Current liabilities:												
Accounts payable	\$ 313,459	172,516	-	20,706	304,215	125,873	320,403	119,866	49,810	657,561	2,084,409	2,917,335
Accrued interest certificate of obligation	-	-	-	-	5,641	-	5,125	-	50	552	11,368	20,519
Customer deposits	-	-	-	-	-	-	-	-	-	4,880,977	4,880,977	4,373,280
Certificate of obligation - current	-	-	-	-	78,954	-	210,517	-	5,000	5,000	299,471	284,588
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	48,546
Due to other government	-	-	-	-	1,107	-	7,804	-	-	998	9,909	-
Advances from other funds	-	-	-	-	-	-	1,047,500	-	2,544,548	-	3,592,048	5,195,369
Compensated absences	-	27,063	-	11,513	84,342	-	183,042	77,144	9,696	123,067	515,867	505,795
Insurance claims payable	1,895,364	4,357,069	2,386,411	-	-	-	-	-	-	-	8,638,844	8,242,011
Total current liabilities	<u>2,208,823</u>	<u>4,556,648</u>	<u>2,386,411</u>	<u>32,219</u>	<u>474,259</u>	<u>125,873</u>	<u>1,774,391</u>	<u>197,010</u>	<u>2,609,104</u>	<u>5,668,155</u>	<u>20,032,893</u>	<u>21,587,443</u>
Noncurrent liabilities												
Certificate of obligation	-	-	-	-	625,670	-	728,883	-	-	95,000	1,449,553	1,699,029
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>625,670</u>	<u>-</u>	<u>728,883</u>	<u>-</u>	<u>-</u>	<u>95,000</u>	<u>1,449,553</u>	<u>1,699,029</u>
Total liabilities	<u>2,208,823</u>	<u>4,556,648</u>	<u>2,386,411</u>	<u>32,219</u>	<u>1,099,929</u>	<u>125,873</u>	<u>2,503,274</u>	<u>197,010</u>	<u>2,609,104</u>	<u>5,763,155</u>	<u>21,482,446</u>	<u>23,286,472</u>
Contributed capital	-	-	-	-	936,670	-	-	-	-	-	936,670	936,670
Retained earnings (deficit)	(1,471,974)	(1,087,559)	(1,870,536)	216,976	266,010	10,150,499	9,296,251	257,385	777,765	478,675	17,013,492	16,032,297
Total liabilities and equity	\$ <u>736,849</u>	\$ <u>3,469,089</u>	\$ <u>515,875</u>	\$ <u>249,195</u>	\$ <u>2,302,609</u>	\$ <u>10,276,372</u>	\$ <u>11,799,525</u>	\$ <u>454,395</u>	\$ <u>3,386,869</u>	\$ <u>6,241,830</u>	\$ <u>39,432,608</u>	\$ <u>40,255,439</u>

CITY OF GARLAND, TEXAS

E-2

Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficits)

Internal Service Funds

For the Year Ended September 30, 2000

With comparative totals for the year ended September 30, 1999

	2000											1999
	Group Health	Self Insurance	LTD Insurance	Print Shop	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total	Total
Operating revenues:												
Charges for services	\$ -	-	-	356,988	5,588,495	2,547,603	8,321,955	3,796,556	592,145	5,570,993	26,774,735	26,035,029
Premiums	8,403,460	6,507,112	418,748	-	-	-	-	-	-	-	15,329,320	11,673,264
Other	166,877	512,592	-	58,248	2,013	61,379	44,213	-	1,178	89,800	936,300	834,316
Total operating revenues	8,570,337	7,019,704	418,748	415,236	5,590,508	2,608,982	8,366,168	3,796,556	593,323	5,660,793	43,040,355	38,542,609
Operating expenses before depreciation:												
Operations:												
Salaries and wages	-	423,859	-	172,878	1,799,445	-	3,275,950	1,383,396	263,702	2,998,000	10,317,230	9,805,703
Maintenance, repairs and supplies	743	150,378	-	228,222	3,779,488	-	2,138,539	1,894,866	(295,575)	2,837,884	10,734,545	10,412,147
Premiums	1,257,341	579,679	-	-	-	-	-	-	-	-	1,837,020	1,514,719
Claims	7,036,277	4,387,047	385,854	-	-	-	-	-	-	-	11,809,178	13,363,647
Insurance claims payable - increase (decrease)	179,509	(204,689)	422,013	-	-	-	-	-	-	-	396,833	-
Administrative services	412,597	58,164	-	-	-	-	-	-	-	-	470,761	304,201
General and administrative	-	-	-	-	-	-	380,919	251,324	102,777	245,960	980,980	954,025
Total operating expenses before depreciation	8,886,467	5,394,438	807,867	401,100	5,578,933	-	5,795,408	3,529,586	70,904	6,081,844	36,546,547	36,354,442
Total operating income (loss) before depreciation	(316,130)	1,625,266	(389,119)	14,136	11,575	2,608,982	2,570,760	266,970	522,419	(421,051)	6,493,808	2,188,167
Depreciation expense	-	3,752	-	10,010	98,796	1,963,499	2,049,071	26,253	6,044	55,175	4,212,600	3,548,330
Operating income (loss)	(316,130)	1,621,514	(389,119)	4,126	(87,221)	645,483	521,689	240,717	516,375	(476,226)	2,281,208	(1,360,163)
Nonoperating revenues (expenses)												
Earnings on investments:												
Current operations	17,404	120,549	29,324	12,999	7,912	406,218	316,115	15,513	50,696	343,054	1,319,784	875,737
Construction fund	-	-	-	-	1,552	-	-	-	-	-	1,552	45
Interest expense	-	-	-	-	(39,425)	-	(121,580)	-	(550)	(5,138)	(166,693)	(179,810)
Total nonoperating revenues (expenses)	17,404	120,549	29,324	12,999	(29,961)	406,218	194,535	15,513	50,146	337,916	1,154,643	695,972
Income (loss) before operating transfers	(298,726)	1,742,063	(359,795)	17,125	(117,182)	1,051,701	716,224	256,230	566,521	(138,310)	3,435,851	(664,191)
Operating transfer in	739,321	-	-	-	-	60,000	218,736	-	-	-	1,018,057	562,959
Operating transfer out	-	(2,741)	-	(1,566)	(17,806)	(3,165,714)	(20,342)	(15,269)	(2,741)	(246,534)	(3,472,713)	(48,471)
Net income (loss)	440,595	1,739,322	(359,795)	15,559	(134,988)	(2,054,013)	914,618	240,961	563,780	(384,844)	981,195	(149,703)
Retained earnings (deficit), beginning of year	(1,912,569)	(2,826,881)	(1,510,741)	201,417	400,998	12,204,512	8,381,633	16,424	213,985	863,519	16,032,297	16,182,000
Retained earnings (deficit), end of yea	\$ (1,471,974)	(1,087,559)	(1,870,536)	216,976	266,010	10,150,499	9,296,251	257,385	777,765	478,675	17,013,492	16,032,297

CITY OF GARLAND, TEXAS

E-3

Combining Statement of Cash Flows
Internal Service Funds
For The Year Ended September 30, 2000
With comparative totals for the year ended September 30, 1999

	2000											1999
	Group Health	Self Insurance	LTD Insurance	Print Shop	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total	Total
Cash flows from operating activities:	\$											
Cash received from customers		#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	38,591,119
Cash received for customer deposits	-	-	-	-	-	-	-	-	-	507,697	507,697	109,823
Cash payments for goods and services		#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	(24,968,995)
Cash payments to employees for services	-	-	-	-	-	-	-	-	-	-	-	(9,809,651)
Net cash provided (used) by operating activities:		#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	3,922,296
Cash flows from noncapital financing activities:												
Due to other government - increases	-	-	-	-	1,107	-	7,804	-	-	998	9,909	-
Due to other government - decreases	-	-	-	-	-	-	-	-	-	-	-	(195,871)
Due from other funds - decreases	-	-	-	-	-	-	447,993	-	25,000	-	472,993	661,466
Due to other funds - increases	-	-	-	-	-	-	-	-	-	-	-	48,546
Due to other funds - increase (decrease)	(48,546)	-	-	-	-	-	-	-	-	-	(48,546)	-
Advances from other funds - decreases	-	-	-	-	-	-	-	-	(1,118,071)	-	(1,118,071)	-
Transfer from other funds	739,321	-	-	-	-	60,000	218,736	-	-	-	1,018,057	562,959
Transfer to other funds	-	(2,741)	-	(1,566)	(17,806)	(3,165,714)	(20,342)	(15,269)	(2,741)	(246,534)	(3,472,713)	(48,471)
Net cash provided (used) by noncapital financing activities:		690,775	(2,741)	-	(1,566)	(3,105,714)	654,191	(15,269)	(1,095,812)	(245,536)	(3,138,371)	1,028,629
Cash flows from capital and related financing activities:												
Proceeds from:												
Certificate of obligation issue	-	-	-	-	-	-	-	-	-	-	-	695,900
Acquisition of capital assets	-	(5,150)	-	-	(73,668)	(2,994,480)	(3,139,769)	(17,345)	(44,108)	(65,592)	(6,340,112)	(5,881,847)
Principal paid on certificates of obligation	-	-	-	-	(18,543)	-	(206,049)	-	(5,000)	(5,000)	(234,592)	(91,383)
Principal paid on advances from other funds	-	-	-	-	-	-	(485,250)	-	-	-	(485,250)	(1,474,433)
Interest paid on certificates of obligation	-	-	-	-	-	-	(55,796)	-	-	-	(55,796)	-
Interest paid on advances from other funds	-	-	-	-	(38,713)	-	(74,159)	-	(600)	(6,576)	(120,048)	(85,199)
Net cash provided (used) by capital and related financing activities:	\$	-	(5,150)	-	-	(130,924)	(2,994,480)	(3,961,023)	(49,708)	(77,168)	(7,235,798)	(6,836,962)

Expendable Trust Funds

Substandard Perimeter Road Fund - to account for monies received pending the construction of substandard perimeter roads and streets.

Narcotic Seizure Fund - to account for monies received from the court to be used for law enforcement activities.

Library Contribution Fund - to account for monies donated to the library system for the purchase of books and equipment as designated by the donor.

Expendable Trust Funds

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Library Contribution Fund - to account for monies donated to the library system for the purchase of books and equipment as designated by the donor.

CITY OF GARLAND, TEXAS

Combining Balance Sheet

Trust Funds

September 30, 2000

with comparative totals as of September 30, 1999

	Expendable Trust Funds			Total	
	Substandard		Library		
	Perimeter	Narcotic	Contri-		
	Road	Seizure	butions	2000	1999
<u>Assets</u>					
Cash and cash equivalents	\$ 366,117	290,363	5,697	662,177	1,171,563
Investments	2,494,554	231,606	38,815	2,764,975	2,064,433
Accrued interest receivable	33,002	2,929	513	36,444	28,021
Total assets	<u>2,893,673</u>	<u>524,898</u>	<u>45,025</u>	<u>3,463,596</u>	<u>3,264,017</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	3,372	2,605	570	6,547	18,117
Escrow payable	962,388	217,410	-	1,179,798	1,160,425
Total liabilities	<u>965,760</u>	<u>220,015</u>	<u>570</u>	<u>1,186,345</u>	<u>1,178,542</u>
Fund Balances:					
Unreserved - designated for trust purposes	<u>1,927,913</u>	<u>304,883</u>	<u>44,455</u>	<u>2,277,251</u>	<u>2,085,475</u>
Total liabilities and fund balances	<u>\$ 2,893,673</u>	<u>524,898</u>	<u>45,025</u>	<u>3,463,596</u>	<u>3,264,017</u>

CITY OF GARLAND, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

All Expendable Trust Funds

Year ended September 30, 2000

with comparative totals for year ended September 30, 1999

	2000			Total	
	Substandard Perimeter Road	Narcotic Seizure	Library Contri- bution	2000	1999
Revenues:					
Earnings on investments	\$ 170,782	21,398	2,608	194,788	126,959
Contributions	-	-	1,705	1,705	1,902
Awards	-	150,295	-	150,295	214,706
Other	-	4,760	-	4,760	35,491
Total revenues	<u>170,782</u>	<u>176,453</u>	<u>4,313</u>	<u>351,548</u>	<u>379,058</u>
Expenditures:					
Operations	-	65,928	-	65,928	101,364
Capital outlay	-	93,133	711	93,844	141,692
Total expenditures	<u>-</u>	<u>159,061</u>	<u>711</u>	<u>159,772</u>	<u>243,056</u>
Excess (deficiency) of revenues over expenditures	170,782	17,392	3,602	191,776	136,002
Other financing sources (uses):					
Operating transfers out	-	-	-	-	(782)
Fund balances, beginning of year	<u>1,757,131</u>	<u>287,491</u>	<u>40,853</u>	<u>2,085,475</u>	<u>1,950,255</u>
Fund balances, end of year	<u>\$ 1,927,913</u>	<u>304,883</u>	<u>44,455</u>	<u>2,277,251</u>	<u>2,085,475</u>

General Fixed Assets Account Group

This account group is used to account for the City's investment in fixed assets other than those accounted for in proprietary fund operations.

The account group provides a vehicle for management control and accountability. General fixed assets are not subject to depreciation.

City of Garland, Texas

G-1

Schedule of General Fixed Assets by Source
General Fixed Assets Account Group
September 30, 2000
with comparative totals as of September 30, 1999

	<u>2000</u>	<u>1999</u>
General fixed assets		
Land	\$ 43,084,434	42,526,154
Buildings	37,893,932	35,860,787
Improvement other than buildings	315,786,662	307,990,739
Equipment	79,654,845	75,145,923
Construction in progress	37,653,750	28,253,617
Total general fixed assets	<u>514,073,623</u>	<u>489,777,220</u>
Investment in general fixed assets from:		
Capital Project Fund -		
General obligation bonds	306,750,523	288,129,136
General Operating Fund	29,278,394	29,039,496
Grants and Special Revenue Fund		
and other contributions	178,044,706	172,608,588
Total investment in general fixed assets	<u>514,073,623</u>	<u>489,777,220</u>

City of Garland, Texas

G-2

Schedule of General Fixed Assets by Function and Activity
General Fixed Assets Account Group
September 30, 2000

Function and Activity	Land	Buildings	Improvements other than Buildings	Equipment	Total
General Government					
Administration	\$ 119,013	-	-	1,131,347	1,250,360
City Attorney/City Secretary	-	6,934	-	627,184	634,118
Purchasing	64,093	602,954	-	126,349	793,396
Municipal Building	4,150,658	14,492,263	517,707	1,769,268	20,929,896
Total General Government	4,333,764	15,102,151	517,707	3,654,148	23,607,770
Public Safety					
Municipal Court	-	18,721	-	206,109	224,830
Fire	458,743	2,887,002	28,569	7,964,091	11,338,405
Police	153,805	5,623,260	1,055,879	12,708,478	19,541,422
Building Inspection	-	-	165,325	83,193	248,518
Civil Defense	-	-	-	234,676	234,676
Total Public Safety	612,548	8,528,983	1,249,773	21,196,547	31,587,851
Public Works					
Engineering	-	514	40,791,295	675,354	41,467,163
Planning	31,336	31,680	-	3,483,956	3,546,972
Streets	566,332	289,686	268,570,853	4,469,403	273,896,274
Sanitation	8,733,024	661,332	(21,297)	8,999,191	18,372,250
Traffic and Transportation	6,140	721,543	-	19,268,962	19,996,645
Total Public Works	9,336,832	1,704,755	309,340,851	36,896,866	357,279,304
Culture & Recreation					
Performing Arts	6,849	3,044,523	81,568	165,654	3,298,594
Park	27,769,721	3,958,986	4,596,763	2,765,696	39,091,166
Library	906,585	4,826,928	-	14,659,593	20,393,106
Total Culture & Recreation	28,683,155	11,830,437	4,678,331	17,590,943	62,782,866
Public Health					
Environmental Management	118,135	727,606	-	316,341	1,162,082
Total Public Health	118,135	727,606	-	316,341	1,162,082
Total general assets allocated to functions	\$ 43,084,434	37,893,932	315,786,662	79,654,845	
Construction in Progress					37,653,750
Total general fixed assets					514,073,623

City of Garland, Texas

G-3

Schedule of Changes in General Fixed Assets by Function and Activity
General Fixed Assets Account Group
Year Ended September 30, 2000

	General Fixed Assets October 1, 1999	Additions	Retirements	General Fixed Assets September 30, 2000
General Government				
Administration	1,221,392	28,968	-	1,250,360
City Attorney/City Secretary	573,379	60,739	-	634,118
Purchasing	790,497	2,899	-	793,396
Municipal Building	19,298,373	1,657,701	26,178	20,929,896
Total General Government	21,883,641	1,750,307	26,178	23,607,770
Public Safety				
Municipal Court	190,050	34,780	-	224,830
Fire	9,510,129	1,838,269	9,993	11,338,405
Police	18,275,076	1,370,807	104,461	19,541,422
Building Inspection	254,820	3,809	10,111	248,518
Civil Defense	234,676	-	-	234,676
Total Public Safety	28,464,751	3,247,665	124,565	31,587,851
Public Works				
Engineering	41,396,801	70,362	-	41,467,163
Planning	3,544,296	2,676	-	3,546,972
Street	266,277,298	8,338,767	719,791	273,896,274
Sanitation	18,341,724	30,526	-	18,372,250
Traffic & Transportation	19,740,258	267,805	11,418	19,996,645
Total Public Works	349,300,377	8,710,136	731,209	357,279,304
Culture & Recreation				
Performing Arts	3,299,536	-	942	3,298,594
Park	38,551,007	614,936	74,777	39,091,166
Library	18,853,368	1,539,738	-	20,393,106
Total Culture & Recreation	60,703,911	2,154,674	75,719	62,782,866
Public Health				
Environmental Mgt	1,170,923	1,269	10,110	1,162,082
Total Public Health	1,170,923	1,269	10,110	1,162,082
Construction in Progress	28,253,617	19,259,160	9,859,027	37,653,750
Total Fixed Assets	489,777,220	35,123,211	10,826,808	514,073,623

Table 1**CITY OF GARLAND, TEXAS****General Governmental Expenditures by Function (1)
Last Ten Fiscal Years**

Fiscal Year	Total (1)	General Government	Public Safety	Public Works	Culture and Recreation	Public Health	Non- Departmental
1991	\$ 56,492,686	\$ 7,433,218	\$ 27,043,191	\$ 11,397,027	\$ 7,517,210	\$ 957,205	\$ 2,144,835
1992	56,854,358	6,812,239	27,846,666	10,803,440	7,945,105	1,040,250	2,406,658
1993	54,217,941	7,572,633	29,753,658	6,866,164	6,984,651	1,023,089	2,017,746
1994	52,301,166	6,441,556	32,387,780	4,312,829	6,540,327	1,193,716	1,424,958
1995	60,953,650	5,305,190	35,992,527	4,962,125	7,183,286	1,361,239	6,149,283
1996	64,852,628	5,548,582	38,234,754	5,254,675	7,596,174	1,406,283	6,812,160
1997	69,681,910	5,978,433	40,923,961	5,250,281	7,985,678	1,604,782	7,938,775
1998	72,062,898	6,131,216	42,356,996	5,512,871	8,254,917	1,664,745	8,142,153
1999	79,435,247	6,779,219	46,142,166	5,756,813	9,264,169	1,898,471	9,594,409
2000	83,543,569	7,011,395	48,246,794	5,848,079	9,619,379	2,076,463	10,741,459

(1) Includes only general fund expenditures on GAAP basis.**Unaudited**

Table 2**CITY OF GARLAND, TEXAS****General Revenues by Source (1)
Last Ten Fiscal Years**

Fiscal Year	Total (1)	Taxes	Franchise Fees	Service Charges	Licenses and Permits	Earnings on Investments	Inter- governmental	Intra- governmental	Fines and Forfeits	Rents and Concessions
1991	\$ 55,862,589	\$ 31,062,516	\$ 3,209,091	\$ 9,056,663	\$ 573,566	\$ 812,648	\$ 1,652,253	\$ 7,431,846	\$ 1,791,370	\$ 272,636
1992	55,710,774	30,673,576	3,281,718	9,320,149	569,869	759,884	1,629,149	7,487,348	1,676,992	312,089
1993	56,037,824	31,054,592	4,583,506	5,039,463	975,353	809,214	39,159	11,149,170	1,850,090	537,277
1994	60,364,910	31,804,586	4,376,101	6,480,959	1,161,558	835,782	328,061	12,487,476	2,413,628	476,759
1995	68,876,794	33,824,383	5,103,763	7,930,670	1,073,560	744,543	427,014	16,352,918	2,893,538	526,405
1996	71,802,164	35,794,387	5,047,098	8,291,093	1,240,380	954,787	559,265	16,103,339	3,298,595	513,220
1997	75,203,911	38,338,894	5,891,237	8,340,283	1,491,530	1,054,250	546,108	15,564,843	3,475,742	501,024
1998	81,654,026	40,809,175	5,596,099	10,903,390	1,363,638	1,262,620	449,890	16,821,824	3,924,364	523,026
1999	86,070,579	43,406,301	6,150,311	11,961,917	1,603,990	1,164,771	327,382	17,190,353	3,765,551	500,003
2000	90,616,518	46,238,520	6,248,115	11,207,515	1,510,857	1,321,639	334,126	19,174,705	4,036,751	544,290

(1) Includes only general fund revenues.

Unaudited

Table 3**CITY OF GARLAND, TEXAS****Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collection	Percent of Levy Collected	Delinquent Tax Collection (1)	Total Tax Collection	Percent of Total Tax Collection to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy (2)
1991	\$ 32,808,317	\$ 32,316,859	98.50%	\$ 302,313	\$ 32,619,172	99.42%	\$ 1,231,529	3.75%
1992	33,247,729	32,790,592	98.63%	387,458	33,178,050	99.79%	1,193,479	3.59%
1993	33,618,404	33,068,324	98.36%	321,249	33,389,573	99.32%	1,319,370	3.92%
1994	34,249,513	33,499,399	97.81%	123,877	33,623,276	98.17%	1,391,882	4.06%
1995	35,564,114	35,255,486	99.13%	288,431	35,543,917	99.94%	1,397,245	3.93%
1996	37,340,146	37,076,378	99.29%	286,996	37,363,374	100.06%	1,451,121	3.89%
1997	39,348,913	38,886,723	98.83%	124,085	39,010,808	99.14%	1,446,423	3.68%
1998	41,710,227	41,216,156	98.82%	483,752	41,699,908	99.98%	1,179,595	2.83%
1999	44,116,195	43,678,152	99.01%	260,829	43,938,981	99.60%	1,414,623	3.21%
2000	45,857,853	45,422,322	99.05%	470,672	45,892,994	100.08%	1,325,961	2.89%

(1) Excludes penalty and interest. Prior to write-off of uncollectible amounts in current year.

(2) Ratio of cumulative delinquent taxes to current year levy.

Source: City of Garland, Texas - Tax Office

Unaudited

Table 4**CITY OF GARLAND, TEXAS****Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Total Assessed Value</u>
1991	\$ 4,949,860,770	\$ 949,854,300	\$ 5,899,715,070
1992	4,798,949,488	901,964,250	5,700,913,738
1993	4,574,244,179	1,038,177,190	5,612,421,369
1994	4,554,581,390	977,564,104	5,532,145,494
1995	4,563,582,655	1,049,440,393	5,613,023,048
1996	4,737,117,530	1,164,177,640	5,901,295,170
1997	5,010,446,838	1,221,683,610	6,232,130,448
1998	5,332,452,428	1,250,601,090	6,583,053,518
1999	5,751,199,307	1,211,583,940	6,962,783,247
2000	6,149,931,191	1,323,643,287	7,473,574,478

Note: Assessed values are established at 100% of estimated market value by the
Dallas Central Appraisal District

Source: City of Garland, Texas - Tax Office

Unaudited

Table 5**CITY OF GARLAND, TEXAS****Assessed Values, Levies and Tax Distribution
Last Ten Fiscal Years**

Fiscal Year	Assessed Values			Tax Rate	Total Tax Levy	Tax Distribution		Percentage Assessed to Full Value
	Real Property	Personal Property	Total			General Fund	Debt Service Fund	
1991	\$ 4,949,860,770	\$ 949,854,300	\$ 5,899,715,070	.5561	\$ 32,808,316	.3442	.2119	100
1992	4,798,949,488	901,964,250	5,700,913,738	.5832	33,247,729	.3421	.2411	100
1993	4,574,244,179	1,038,177,190	5,612,421,369	.5990	33,618,404	.3423	.2567	100
1994	4,554,581,390	977,564,104	5,532,145,494	.6191	34,249,513	.3473	.2718	100
1995	4,563,582,655	1,049,440,393	5,613,023,048	.6336	35,564,114	.3618	.2718	100
1996	4,737,117,530	1,164,177,640	5,901,295,170	.6336	37,340,146	.3628	.2708	100
1997	5,010,446,838	1,221,683,610	6,232,130,448	.6336	39,348,913	.3628	.2708	100
1998	5,332,452,428	1,250,601,090	6,583,053,518	.6336	41,710,227	.3628	.2708	100
1999	5,751,199,307	1,211,583,940	6,962,783,247	.6336	44,116,195	.3790	.2546	100
2000	6,149,931,191	1,323,643,287	7,473,574,478	.6136	45,857,853	.3690	.2446	100

Source: City of Garland, Texas - Tax Office

Unaudited

Table 6

CITY OF GARLAND, TEXAS

**Property Tax Rates and Percent of Assessed Valuations of Direct and Overlapping Debt
Last Ten Fiscal Years**

Fiscal Year	City of Garland		Garland Independent School District		Dallas County		Dallas County Hospital District		Dallas County Community College District		Dallas Independent School District		Richardson Independent School District		Mesquite Independent School District	
	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation	Tax Rate	Percent of Assessed Valuation
1991	.5561	100	1.1600	83.22	.17209	7.10	.1750	7.10	.0431	7.10	1.1000	0.18	1.1240	3.17	1.1800	2.61
1992	.5832	100	1.2434	83.22	.17682	7.10	.1980	7.10	.0465	7.10	1.2934	0.18	1.3834	3.17	1.3634	2.61
1993	.5990	100	1.3936	83.22	.17682	7.10	.2070	7.10	.0494	7.10	1.3885	0.18	1.5096	3.17	1.4576	2.61
1994	.6191	100	1.3784	83.22	.20883	7.29	.20696	7.29	.05206	7.29	1.41813	0.18	1.5698	3.17	1.4600	2.61
1995	.6336	100	1.4428	83.22	.20883	7.29	.19959	7.29	.05206	7.29	1.41813	0.18	1.5698	3.17	1.5000	2.61
1996	.6336	100	1.4428	83.22	.21640	7.29	.194092	7.29	.05206	7.29	1.46053	0.18	1.5698	3.17	1.5000	2.61
1997	.6336	100	1.4872	83.22	.20100	7.29	.185800	7.29	.05000	7.29	1.46050	0.18	1.6000	3.17	1.5300	2.61
1998	.6336	100	1.5445	83.22	.20317	7.29	.179900	7.29	.05000	7.29	1.46053	0.18	1.6257	3.17	1.5800	2.61
1999	.6336	100	1.5445	83.22	.19720	7.29	.179900	7.29	.05000	7.29	1.4605	0.18	1.6257	3.17	1.5800	2.61
2000	.6136	100	1.4784	83.22	.19600	7.29	.19600	7.29	.05000	7.29	1.4605	0.18	1.6486	3.17	1.5800	2.61

Tax rates are based on each \$100 of assessed value times 100 percent of assessed value.

*Source: Tax Rates, City of Garland, Texas - Tax Office
Percent of Assessed Valuations, First Southwest Co.*

Unaudited

Table 7**CITY OF GARLAND, TEXAS****Ratio of Net General Obligation Debt to Assessed Valuation and Net General Obligation Debt Per Capita
Last Ten Fiscal Years**

Fiscal Year	Assessed Valuation (a)	Total General Obligation Debt (b) (1)	Less Proprietary General Obligation and Certificates of Obligation	Less Amount Available in Debt Service Fund	Net General Obligation Debt	Ratio of Net General Obligation Debt to Assessed Valuation	Population (c)	Per Capita Net General Obligation
1991	\$ 5,899,715,070	\$ 121,121,628	\$ 19,636,855	\$ 8,192,895	\$ 93,291,878	1.58%	181,519	513.95
1992	5,700,913,738	132,156,628	18,893,357	8,138,574	105,124,697	1.84%	182,006	577.59
1993	5,612,421,369	133,756,628	18,551,943	6,392,391	108,812,294	1.94%	186,526	583.36
1994	5,532,145,494	133,806,629	18,268,355	5,004,653	110,533,621	2.00%	193,000	572.71
1995	5,613,023,048	141,111,627	29,183,882	3,728,462	108,199,283	1.93%	195,952	552.17
1996	5,901,295,170	156,641,628	40,937,619	3,394,749	112,309,260	1.90%	197,281	569.29
1997	6,232,130,448	161,521,627	44,911,240	3,408,382	113,202,005	1.82%	200,106	565.71
1998	6,583,053,518	192,741,628	63,820,750	3,076,198	125,844,680	1.91%	201,824	623.54
1999	6,962,783,247	218,016,628	76,185,065	2,787,011	139,044,552	2.00%	203,883	681.98
2000	7,473,574,478	276,528,188	130,784,159	1,205,296	144,538,733	1.93%	205,869	702.09

(1) Includes currently outstanding Certificates of Obligation

*Sources:**(a) City of Garland, Texas - Tax Office**(b) City of Garland, Texas - Accounting Office**(c) City of Garland, Texas - Planning Department, except for 1994 estimate, which is from North Central Texas Council of Governments*

Unaudited

CITY OF GARLAND, TEXAS

Table 8

**Principal Taxpayers
Fiscal Year 2000**

Name of Taxpayer	Nature of Property	1999 Assessed Valuation	Percent of Total Assessed Valuation (1)
Sears Roebuck & Company	Warehouse, Service Center	\$ 96,080,230	1.29%
General Telephone Company of the Southwest	Public Utility	76,483,300	1.02%
Eckerd Corporation	Warehouse, Retail	75,532,220	1.01%
Valspar	Paint Manufacturer	51,625,100	0.69%
Kraft Corporation	Warehouse, Food Processing	45,194,120	0.60%
Fleming Foods of Texas	Warehouse, Food Processing	44,508,670	0.60%
Raytheon/E-Systems, Inc	Electronics, Defense Contractor	41,114,190	0.55%
Ingersoll Rand	Drilling Equipment Manufacture	32,247,300	0.43%
Walmart	Retail	30,237,680	0.40%
Ingersoll Rand	Drilling Equipment Manufacture	27,673,040	0.37%
		<u>\$ 520,695,850</u>	6.97%

(1) Total Taxable Value October, 1, 1999 - \$7,473,574,478

Source: City of Garland, Texas - Tax Office

Unaudited

Table 9

CITY OF GARLAND, TEXAS

**Delinquent Taxes Receivable - by Fund
Fiscal Year 2000**

	<u>Total</u>	<u>Funds</u>	
		<u>General</u>	<u>Debt Service</u>
Taxes, by year of levy:			
1994 and prior	\$ 369,054	\$ 221,938	\$ 147,116
1995	71,866	43,218	28,648
1996	111,691	67,168	44,523
1997	127,201	76,495	50,706
1998	211,968	127,471	84,497
1999	<u>434,181</u>	<u>261,102</u>	<u>173,079</u>
Total delinquent taxes	1,325,961	797,392	528,569
Less estimated uncollectible taxes	<u>(654,842)</u>	<u>(393,802)</u>	<u>(261,040)</u>
Net taxes receivable	<u><u>\$671,119</u></u>	<u><u>\$403,590</u></u>	<u><u>\$267,529</u></u>
Unaudited			

CITY of GARLAND, TEXAS

Computation of Legal Debt Margin

As a Home Rule city, the City of Garland is not limited by law in the amount of debt it may issue. The City's Charter (Section 46) states:

"The Council shall have the power to levy, for general purposes, an ad valorem tax on real, personal, and mixed property within the territory of the City of Garland, not exempt from taxation by the Constitution and laws of the State of Texas, based upon its true value as provided by law, to the extent of the constitutional limit permitted by the State of Texas to cities over 5,000 population, and said tax shall embrace all taxes for municipal purposes."

Article 11, Section 5 of the State of Texas Constitution states in part:

"...but no tax for any purpose shall ever be lawful for one year, which shall exceed two and one-half percent of the taxable property of such city."

The tax rate at September 30, 2001, is \$0.6336 per \$100 of assessed valuation with assessed valuation being 100% of appraised value.

Unaudited

Table 11**CITY OF GARLAND, TEXAS****Computation of Direct and Overlapping Funded Debt Payable from Ad Valorem Taxes
September 30, 2000**

Taxing Jurisdiction	Total Funded Debt	Estimated Percent Applicable	Overlapping Funded Debt
City of Garland	\$ 145,744,029	100.00%	\$ 145,744,029
Garland Independent School District	251,823,871	83.22%	209,567,825
Dallas County	255,405,138	7.29%	18,619,035
Dallas Independent School District	371,679,255	0.18%	669,023
Richardson Independent School District	179,738,179	3.17%	5,697,700
Mesquite Independent School District	269,130,509	2.61%	<u>7,024,306</u>
Total estimated overlapping bonded debt			\$ <u><u>387,321,918</u></u>
Ratio overlapping debt to 100% assessed valuation			<u><u>5.18%</u></u>
Per capita overlapping bonded debt			\$ <u><u>1,881</u></u>

Source: First Southwest Co.

Unaudited

Table 12**CITY OF GARLAND, TEXAS****Ratio of General Obligation Debt Service to Total General Governmental Expenditures
Last Ten Fiscal Years**

Fiscal Year	Principal	Interest	Total General Obligation Debt Service (1)	Total General Fund Expenditures	Total Debt Service and General Fund Expenditures	Ratio of General Obligation Debt Service to Total General Governmental Expenditures
1991	\$ 7,443,710	\$ 6,829,351	\$ 14,273,061	\$ 56,492,686	\$ 70,765,747	20.17%
1992	8,142,145	5,331,663	13,473,808	56,854,358	70,328,166	19.16%
1993	9,377,836	7,468,393	16,846,229	54,217,941	71,064,170	23.71%
1994	9,846,412	6,880,347	16,726,759	52,301,166	69,027,925	24.23%
1995	10,541,944	6,457,091	16,999,035	60,953,650	77,952,685	21.81%
1996	10,583,736	6,564,914	17,148,650	64,852,628	82,001,278	20.91%
1997	11,433,622	6,779,338	18,212,960	69,681,910	87,894,870	20.72%
1998	12,027,874	7,171,539	19,199,413	72,062,898	91,262,311	21.04%
1999	11,434,315	6,877,532	18,311,847	79,435,247	97,747,094	18.73%
2000	11,983,282	8,333,063	20,316,345	83,543,569	103,859,914	19.56%

(1) Does not include general obligation debt service for utility purposes but does include debt service for Certificates of Obligation.

Source: City of Garland, Texas - Tax Office

Unaudited

Table 13**CITY OF GARLAND, TEXAS****Schedule of Revenue Bond Coverage
Last Ten Fiscal Years**

Fiscal Year	Total Revenue (1)	Operating and Administrative Expense (2)	Net Income Available for Debt Service	Average Annual Requirements	Times Coverage	Depreciation	Bond Interest Expense (3)	In Lieu-of-Tax Payments	Net Income (4)
1991	\$ 170,469,860	\$ 121,257,658	\$ 49,212,202	\$ 9,901,686	4.97	\$ 12,178,705	\$ 7,071,317	\$ 6,956,537	\$ 22,861,820
1992	172,664,555	127,890,817	44,773,738	8,225,755	5.44	12,648,446	5,044,730	6,991,454	15,728,649
1993	194,360,289	144,840,533	49,519,756	6,892,392	7.18	13,212,739	4,695,129	9,018,272	20,297,675
1994	193,064,220	150,710,310	42,353,910	6,245,646	6.78	13,956,322	3,654,808	10,565,505	7,502,514
1995	179,460,267	137,941,116	41,519,151	5,304,549	7.83	14,736,258	2,703,112	11,611,164	3,339,283
1996	196,808,834	144,187,520	52,621,314	4,839,258	10.87	15,433,384	2,314,993	12,018,967	17,407,443
1997	194,473,068	144,350,698	50,122,370	3,641,250	13.77	16,101,044	2,669,442	11,538,215	17,656,399
1998	208,145,139	150,998,567	57,146,572	3,822,446	14.95	16,691,185	2,171,629	12,295,686	23,357,526
1999	207,921,142	155,594,897	52,326,245	3,253,739	16.08	17,375,627	1,761,690	12,041,092	18,141,481
2000	235,461,345	175,378,118	60,083,227	2,625,238	22.89	17,910,632	1,529,969	13,722,478	20,469,870

(1) Includes operating revenues and interest income of the Utility Fund only

(2) Does not include operating payments to General Fund for in lieu-of-taxes and does not include Golf Fund, Heliport Fund, Storm Water Management Fund, Business Ventures Fund, Parks Performance Fund, and Sanitation Fund expenses

(3) Net of capitalized interest.

(4) Does not include residual equity transfer or net income (loss) of the Golf Fund, Heliport Fund, Storm Water Management Fund, Business Ventures Fund, Parks Performance Fund, and Sanitation Fund

(5) Includes proceeds from litigation and legal expense

Source: City of Garland, Texas - Accounting Office.

Unaudited

Table 14**CITY OF GARLAND, TEXAS****Construction and Bank Deposits
Last Ten Fiscal Years**

Fiscal Year	Total Property Value	Residential (a)		Commercial/Industrial (a)		Combined Bank Deposits (000's) (b)
		Number of Units	Value	Number of Units	Value	
1991	\$ 5,899,715,070	431	\$ 43,011,192	35	\$ 14,166,562	(c)
1992	5,700,913,738	360	38,695,738	16	5,910,453	(c)
1993	5,606,803,156	630	66,074,877	30	6,670,911	(c)
1994	5,532,145,494	627	70,543,457	44	18,564,593	(c)
1995	5,613,023,048	493	54,572,863	58	23,456,999	(c)
1996	5,901,295,170	699	88,612,630	56	32,316,639	(c)
1997	6,232,130,448	667	94,811,701	51	32,435,693	(c)
1998	6,583,053,518	541	77,618,326	48	23,935,359	(c)
1999	6,962,783,247	506	70,480,807	30	13,243,973	(c)
2000	7,473,574,478	501	75,801,514	27	22,180,700	(c)

*Sources:**(a) City of Garland, Texas - Building Inspection Department**(b) Garland Chamber of Commerce, Garland, Texas**(c) Information not available*

Unaudited

Table 15**CITY OF GARLAND, TEXAS****Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population (a)	Per Capita Income	Median Age (b)	Education (b)	School Enrollment (c)	Unemploy- ment (e)
1991	181,519	(d)	28.1	12.9	38,898	4.7%
1992	182,006	(d)	30.2	12.9	40,238	5.5%
1993	186,526	(d)	30.2	12.9	41,566	6.3%
1994	193,000	(d)	30.2	12.9	42,654	4.1%
1995	195,952	(d)	30.2	12.9	43,702	3.9%
1996	197,281	(d)	30.2	12.9	45,060	3.5%
1997	200,106	(d)	30.2	12.9	46,487	3.2%
1998	201,824	(d)	30.2	12.9	48,139	2.8%
1999	203,883	(d)	33.0	12.9	49,154	2.7%
2000	205,869	(d)	33.0	12.9	50,250	2.6%

Sources:

*(a) City of Garland, Texas - Planning Department, except for 1994,
North Central Texas Council of Governments*

(b) U.S. Census

(c) Garland Independent School District, Garland, Texas

(d) Information not available

(e) Texas Employment Commission

Unaudited

Table 16

CITY OF GARLAND, TEXAS

**Miscellaneous Statistical Data
September 30, 2000**

Date of incorporation	1891
Form of government	Council - Manager
Area	57 square miles
Miles of streets	655.8
Number of street lights	11228
Fire Protection:	
Number of stations	9
Number of firemen and officers (exclusive of volunteers)	244
Police Protection:	
Number of stations	1
Number of sworn police officers	290
Municipal water department:	
Number of accounts	63485
Average daily consumption	36,499,000 gallons
Miles of water mains	1047
Municipal electric department:	
Number of accounts	65560
Average daily usage	5,419,953 KWH
Miles of lines	799.38
Municipal wastewater department:	
Number of accounts	61,990
Miles of sewer mains	958
Building permits issued:	
Residential (single-family)	959
Industrial/Commercial	295
Multi-family	26
Other	1955
Recreation and culture:	
Number of parks	68 parks comprising 2,698 Acres
Number of libraries	4
Number of volumes	314,449

Unaudited

Table 17**CITY OF GARLAND, TEXAS****Schedule of Insurance in Force
September 30, 2000**

Insuring Company	Policy Number	From	To	Description	Type	Amount
Allianz Insurance Co	CLP1034266	10/1/1999	10/1/2000	Blanket Real/Personal Property	All Risk / \$100,000 ded. per occ	\$320,400,00
North River Insurance Co.	5440000095	11/6/1999	10/1/2002	Excess Liability Package Policy (includes, GL, AI Law Enforcement, Public Officials, Emp. Benefits & Worker's Comp.	\$500,000 SIR	\$9,500,000
American Manufacturer	3SE727532	10/1/1999	10/1/2002	Public Officials/Tax Collector Bond	-0- Deductible	\$750,000
Kemper	3F78773703	10/1/1999	10/1/2002	Public Employees Dishonesty	\$10,000 Deductible	\$1,000,000
Reliance	NZC0151565	12/21/1999	10/1/2000	Boiler/Machinery/Transformers	Combined physical damage. Deductible varies by location and equipment	\$50,000,000
Lumbermans Mutual Casualty	3AT64316000	8/29/1999	10/31/2001	In-transit property (transformer)	-0- Deductible	\$750,000
St.Paul	EMA6610467	3/1/1999	3/1/2002	Medical Professional Liability	-0- Deductible	\$3,000,000
TIG Insurance Co.	T7003751503402	10/12/1999	10/12/2000	Special Events Liability	\$250 Deductible prop. dmg	\$3,000,000
TIG Insurance Co.	KLB0003802632601	10/12/1999	10/12/2000	Special Events Excess Liability	Excess over underlying special events	\$1,000,000
Indemnity Insurance Co. of North America	S00520184	10/1/1999	10/1/2000	Non-Owned Aircraft Liability	-0- Deductible	\$1,000,000
Continental Casualty	SR-83091552	12/10/1999	12/10/2000	Travel Accident	n/a	\$100,000
Terra Nova House	To be issued	6/30/2000	until job completion	All Risk Marine Cargo Coverage	-0- Deductible	\$20,000,000

Unaudited